

HOUSE BILL 455

Q7

4r1797
CF SB 677

By: **The Speaker (By Request – Office of the Comptroller)**

Introduced and read first time: January 22, 2024

Assigned to: Ways and Means

Committee Report: Favorable with amendments

House action: Adopted

Read second time: March 3, 2024

CHAPTER _____

1 AN ACT concerning

2 **Comptroller – Electronic Tax and Fee Return Filing Requirements**

3 FOR the purpose of requiring that returns for certain taxes and fees collected by the
4 Comptroller be filed electronically, subject to certain exceptions; altering certain
5 requirements for electronic filing of returns for certain taxes; prohibiting a certain
6 tax return preparer or software company from charging a separate fee for the
7 electronic filing of certain tax documents; prohibiting a software company from
8 selling different versions of the same tax software under certain circumstances; and
9 generally relating to electronic filing of tax and fee returns.

10 BY repealing and reenacting, with amendments,
11 Article – Environment
12 Section 9–228(g)(4) and 9–1605.2(e)(1)
13 Annotated Code of Maryland
14 (2014 Replacement Volume and 2023 Supplement)

15 BY adding to
16 Article – Tax – General
17 Section 1–208, 2–118, 5–201(f), 7.5–201(d), 9–308(e), 10–809.1, 10–812.1, 10–819.1,
18 11–502.2, and 12–202.1
19 Annotated Code of Maryland
20 (2022 Replacement Volume and 2023 Supplement)

21 BY repealing and reenacting, with amendments,
22 Article – Tax – General

EXPLANATION: CAPITALS INDICATE MATTER ADDED TO EXISTING LAW.

[Brackets] indicate matter deleted from existing law.

Underlining indicates amendments to bill.

~~Strike out~~ indicates matter stricken from the bill by amendment or deleted from the law by amendment.



1 Section 4–201, 10–817, and 10–824
 2 Annotated Code of Maryland
 3 (2022 Replacement Volume and 2023 Supplement)

4 BY repealing
 5 Article – Tax – General
 6 Section 5–201(f) and 9–308(e)
 7 Annotated Code of Maryland
 8 (2022 Replacement Volume and 2023 Supplement)

9 ~~BY adding to~~
 10 ~~Article – Tax – General~~
 11 ~~Section 5–201(f), 7.5–201(d), 9–207(e), 9–308(e), 10–809.1, 10–812.1, 10–819.1,~~
 12 ~~11–502.2, and 12–202.1~~
 13 ~~Annotated Code of Maryland~~
 14 ~~(2022 Replacement Volume and 2023 Supplement)~~

15 SECTION 1. BE IT ENACTED BY THE GENERAL ASSEMBLY OF MARYLAND,
 16 That the Laws of Maryland read as follows:

17 **Article – Environment**

18 9–228.

19 (g) (4) **(I)** Each tire dealer shall:

20 [(i)] **1.** Pay the tire recycling fee; and

21 [(ii)] **2.** Complete and submit, under oath, a return and remit the
 22 fees to the Comptroller of the Treasury on or before the 21st day of the month that follows
 23 the month in which the sale was made, and for other periods and on other dates that the
 24 Comptroller specifies by regulation, including periods for which no fees were due.

25 **(II) ~~BEGINNING IN CALENDAR YEAR 2026 FOR PERIODS~~**
 26 **BEGINNING AFTER DECEMBER 31, 2026, A PERSON SHALL FILE A TIRE RECYCLING**
 27 **FEE RETURN ELECTRONICALLY.**

28 9–1605.2.

29 (e) (1) **(I)** A local government, the billing authority for a water or
 30 wastewater facility, or any other authorized collecting agency shall complete and submit,
 31 under oath, a return and remit the restoration fees collected to the Comptroller:

32 [(i)] **1.** On or before the 20th day of the month that follows the
 33 calendar quarter in which the restoration fee was collected; and

1 [(ii)] 2. For other periods and on other dates that the Comptroller
2 may specify by regulation, including periods in which no restoration fee has been collected.

3 (II) ~~BEGINNING IN CALENDAR YEAR 2026~~ FOR PERIODS
4 BEGINNING AFTER DECEMBER 31, 2026, A PERSON SHALL FILE A BAY
5 RESTORATION FEE RETURN ELECTRONICALLY.

6 SECTION 2. AND BE IT FURTHER ENACTED, That the Laws of Maryland read
7 as follows:

8 **Article – Tax – General**

9 **1-208.**

10 (A) (1) IN THIS SECTION THE FOLLOWING WORDS HAVE THE MEANINGS
11 INDICATED.

12 (2) “AUTHORIZED TAX DOCUMENT” MEANS A TAX DOCUMENT THAT
13 THE COMPTROLLER HAS AUTHORIZED OR REQUIRES TO BE FILED
14 ELECTRONICALLY.

15 (3) “SOFTWARE COMPANY” MEANS A DEVELOPER OF TAX SOFTWARE.

16 (4) “TAX” MEANS A TAX OR ANY OTHER MATTER ADMINISTERED BY
17 THE COMPTROLLER IN ACCORDANCE WITH THIS ARTICLE OR ANY OTHER
18 PROVISION OF LAW.

19 (5) “TAX DOCUMENT” MEANS A RETURN, A REPORT, OR ANY OTHER
20 DOCUMENT RELATING TO A TAX.

21 (6) (I) “TAX RETURN PREPARER” MEANS A PERSON WHO
22 PREPARES FOR COMPENSATION, OR WHO EMPLOYS OR ENGAGES ONE OR MORE
23 PERSONS TO PREPARE FOR COMPENSATION, AN AUTHORIZED TAX DOCUMENT.

24 (II) “TAX RETURN PREPARER” INCLUDES A PAYROLL SERVICE.

25 (7) (I) “TAX SOFTWARE” MEANS A COMPUTER SOFTWARE
26 PROGRAM INTENDED FOR TAX RETURN PREPARATION PURPOSES.

27 (II) “TAX SOFTWARE” INCLUDES AN OFF-THE-SHELF
28 SOFTWARE PROGRAM LOADED ONTO A TAX RETURN PREPARER’S OR TAXPAYER’S
29 COMPUTER OR AN ONLINE TAX PREPARATION APPLICATION.

1 **(B) (1) A TAX RETURN PREPARER OR A SOFTWARE COMPANY MAY NOT**
2 **CHARGE A SEPARATE FEE FOR THE ELECTRONIC FILING OF AUTHORIZED TAX**
3 **DOCUMENTS.**

4 **(2) A SOFTWARE COMPANY MAY NOT SELL A VERSION OF THE**
5 **COMPANY'S TAX SOFTWARE THAT CHARGES A SEPARATE FEE FOR THE ELECTRONIC**
6 **FILING OF AUTHORIZED TAX DOCUMENTS AND A VERSION OF THE SAME TAX**
7 **SOFTWARE THAT DOES NOT CHARGE THE SEPARATE FEE.**

8 **(C) (1) THE COMPTROLLER SHALL IMPOSE AGAINST A TAX RETURN**
9 **PREPARER OR SOFTWARE COMPANY THAT VIOLATES THIS SECTION A CIVIL PENALTY**
10 **OF:**

11 **(I) \$500 FOR A FIRST VIOLATION; OR**

12 **(II) \$1,000 FOR A SECOND OR SUBSEQUENT VIOLATION.**

13 **(2) FOR THE PURPOSES OF THIS SUBSECTION, EACH TRANSACTION IN**
14 **WHICH A CUSTOMER IS CHARGED A PROHIBITED FEE OR EACH SALE TO A CUSTOMER**
15 **OF TAX SOFTWARE THAT CHARGES A PROHIBITED FEE IS AN INDEPENDENT**
16 **VIOLATION.**

17 **(3) BEFORE A CIVIL PENALTY IS IMPOSED UNDER THIS SUBSECTION,**
18 **THE COMPTROLLER SHALL PROVIDE TO THE PERSON AGAINST WHOM THE CIVIL**
19 **PENALTY WILL BE IMPOSED NOTICE OF THE ALLEGED VIOLATION AND AN**
20 **OPPORTUNITY FOR A HEARING.**

21 **(4) A PERSON AGAINST WHOM A CIVIL PENALTY IS IMPOSED UNDER**
22 **THIS SUBSECTION MAY SEEK REVIEW OF THE PENALTY UNDER TITLE 10, SUBTITLE**
23 **2 OF THE STATE GOVERNMENT ARTICLE.**

24 **(5) EACH CIVIL PENALTY SHALL BE PAID INTO THE GENERAL FUND**
25 **OF THE STATE.**

26 SECTION 3. AND BE IT FURTHER ENACTED, That the Laws of Maryland read
27 as follows:

28 Article – Tax – General

29 2-118.

30 NOTWITHSTANDING ANY OTHER PROVISION OF LAW, A PERSON IS NOT
31 REQUIRED TO FILE A RETURN, SCHEDULE, OR REPORT WITH THE COMPTROLLER
32 ELECTRONICALLY IF:

1 **(1) THE PERSON HAS A DISABILITY, AS DEFINED IN THE AMERICANS**
2 **WITH DISABILITIES ACT;**

3 **(2) THE PERSON HAS RELIGIOUS BELIEFS THAT PROHIBIT THE**
4 **PERSON'S USE OF ELECTRONIC FILING TECHNOLOGY; OR**

5 **(3) THE PERSON IS DETERMINED BY THE COMPTROLLER TO HAVE A**
6 **SPECIAL NEED TO FILE A PAPER RETURN, SCHEDULE, OR REPORT.**

7 4-201.

8 **(A)** A person shall complete, under oath, and file with the Comptroller the
9 admissions and amusement tax return:

10 (1) on or before the 10th day of the month that follows the month in which
11 the person has gross receipts subject to the admissions and amusement tax; and

12 (2) for other periods and on other dates that the Comptroller specifies by
13 regulation, including periods in which the person has no gross receipts subject to the tax.

14 **(B) ~~BEGINNING IN CALENDAR YEAR 2026~~ FOR PERIODS BEGINNING AFTER**
15 **DECEMBER 31, 2026, A PERSON SHALL FILE THE ADMISSIONS AND AMUSEMENT TAX**
16 **RETURN ELECTRONICALLY.**

17 5-201.

18 **[(f) On or before January 1, 2018, the Comptroller shall develop and implement**
19 **procedures for the electronic filing of the alcoholic beverage tax returns required to be filed**
20 **under this section.]**

21 **(F) ~~BEGINNING IN CALENDAR YEAR 2026~~ FOR PERIODS BEGINNING AFTER**
22 **DECEMBER 31, 2026, A PERSON SHALL FILE AN ALCOHOLIC BEVERAGE TAX RETURN**
23 **ELECTRONICALLY.**

24 7.5-201.

25 **(D) ~~BEGINNING IN CALENDAR YEAR 2026~~ FOR PERIODS BEGINNING AFTER**
26 **DECEMBER 31, 2026, A PERSON SHALL FILE A DIGITAL ADVERTISING GROSS**
27 **REVENUES TAX RETURN ELECTRONICALLY.**

28 ~~9-207.~~

29 **~~(C) BEGINNING IN CALENDAR YEAR 2026, A PERSON SHALL FILE A MOTOR~~**
30 **~~CARRIER TAX RETURN ELECTRONICALLY.~~**

1 9-308.

2 [(e) (1) The Comptroller by regulation may require each person that is required
3 to file a return under this section to file the return through electronic means.

4 (2) A regulation adopted under this subsection:

5 (i) shall include an exemption from electronic filing for persons that
6 do not have access to means of transmitting data electronically; and

7 (ii) shall include provisions for the periodic affirmation and
8 verification of the information that is submitted electronically.]

9 (E) ~~BEGINNING IN CALENDAR YEAR 2026~~ FOR PERIODS BEGINNING AFTER
10 DECEMBER 31, 2026, A PERSON SHALL FILE A MOTOR FUEL TAX RETURN
11 ELECTRONICALLY.

12 10-809.1.

13 (A) EXCEPT AS PROVIDED IN SUBSECTION (B) OF THIS SECTION, FOR A
14 TAXABLE YEAR BEGINNING AFTER DECEMBER 31, 2029, AN INDIVIDUAL SHALL FILE
15 AN INCOME TAX RETURN ELECTRONICALLY.

16 (B) AN INDIVIDUAL IS NOT REQUIRED TO FILE AN INCOME TAX RETURN
17 ELECTRONICALLY IF THE INDIVIDUAL:

18 (1) IS AT LEAST 65 YEARS OLD AS OF DECEMBER 31 OF THE TAXABLE
19 YEAR FOR WHICH THE RETURN IS BEING FILED;

20 (2) IS SINGLE OR A DEPENDENT TAXPAYER AND THE INDIVIDUAL'S
21 MARYLAND ADJUSTED GROSS INCOME IS LESS THAN \$200,000;

22 (3) IS MARRIED FILING SEPARATELY, A HEAD OF HOUSEHOLD, OR A
23 QUALIFYING WIDOW OR WIDOWER WITH A DEPENDENT CHILD AND THE MARYLAND
24 ADJUSTED GROSS INCOME OF THE INDIVIDUAL IS LESS THAN \$400,000; OR

25 (4) IS MARRIED FILING JOINTLY AND THE MARYLAND ADJUSTED
26 GROSS INCOME OF THE INDIVIDUAL AND THE INDIVIDUAL'S SPOUSE IS LESS THAN
27 \$400,000; ~~OR~~

28 ~~(5) HAS A DISABILITY AS DEFINED IN THE FEDERAL AMERICANS WITH~~
29 ~~DISABILITIES ACT.~~

30 10-812.1.

1 **(A) EXCEPT AS PROVIDED IN SUBSECTION (B) OF THIS SECTION, FOR A**
2 **TAXABLE YEAR BEGINNING AFTER DECEMBER 31, ~~2025~~ 2026, A CORPORATION**
3 **SHALL FILE AN INCOME TAX RETURN ELECTRONICALLY.**

4 **(B) A CORPORATION WITH FEWER THAN 15 EMPLOYEES IS NOT REQUIRED**
5 **TO FILE AN INCOME TAX RETURN ELECTRONICALLY.**

6 10-817.

7 **(A)** A person required to withhold income tax under § 10-906 of this title shall file
8 an income tax withholding return.

9 **(B) FOR A TAXABLE YEAR BEGINNING AFTER DECEMBER 31, ~~2025~~ 2026, A**
10 **PERSON SHALL FILE AN INCOME TAX WITHHOLDING RETURN ELECTRONICALLY.**

11 **10-819.1.**

12 **(A) IN THIS SECTION, “PASS-THROUGH ENTITY” HAS THE MEANING STATED**
13 **IN § 10-102.1 OF THIS TITLE.**

14 **(B) FOR A TAXABLE YEAR BEGINNING AFTER DECEMBER 31, ~~2025~~ 2026, A**
15 **PASS-THROUGH ENTITY SHALL FILE AN INCOME TAX RETURN ELECTRONICALLY.**

16 10-824.

17 (a) (1) In this section the following words have the meanings indicated.

18 (2) (i) “Income tax return preparer” means a person who for
19 compensation prepares a substantial portion or more of a qualified return or employs one
20 or more persons to prepare for compensation a substantial portion or more of a qualified
21 return.

22 (ii) “Income tax return preparer” does not include a person who
23 merely performs those acts described under § 7701(a)(36)(B) of the Internal Revenue Code.

24 (3) “Qualified return” means any original return of individual income tax
25 imposed by this title, regardless of whether a tax is due or a refund is claimed.

26 (b) [Except] **SUBJECT TO § 10-809.1 OF THIS SUBTITLE AND EXCEPT** as
27 otherwise provided in this section, an income tax return preparer shall file all qualified
28 returns that the income tax return preparer prepares by electronic means as prescribed by
29 the Comptroller if[:

30 (1) for a taxable year beginning after December 31, 2008, but before
31 January 1, 2010, the income tax return preparer has prepared more than 300 qualified
32 returns in the prior taxable year;

1 (2) for a taxable year beginning after December 31, 2009, but before
2 January 1, 2011, the income tax return preparer has prepared more than 200 qualified
3 returns in the prior taxable year; and

4 (3) for any taxable year beginning after December 31, 2010,] the income
5 tax return preparer has prepared more than 100 qualified tax returns in the prior taxable
6 year.

7 (c) [Subsection] **SUBJECT TO § 10-809.1 OF THIS SUBTITLE, SUBSECTION (b)**
8 of this section does not apply to a qualified return if:

9 (1) the taxpayer has indicated on the qualified return that the taxpayer
10 does not want the return filed by electronic means; or

11 (2) the income tax return preparer preparing the qualified return has
12 requested and received a waiver from the Comptroller.

13 (d) [On] **SUBJECT TO § 10-809.1 OF THIS SUBTITLE, ON** written request for a
14 waiver by an income tax return preparer who is subject to subsection (b) of this section, the
15 Comptroller may grant the income tax return preparer a waiver of the requirements of this
16 section if the income tax return preparer is able to establish to the satisfaction of the
17 Comptroller either reasonable cause for not filing the return by electronic means or that
18 there is no feasible means of filing the return by electronic means without undue hardship.

19 **11-502.2.**

20 ~~**BEGINNING IN CALENDAR YEAR 2026**~~ **FOR PERIODS BEGINNING AFTER**
21 **DECEMBER 31, 2026,** A PERSON SHALL FILE A SALES AND USE TAX RETURN
22 **ELECTRONICALLY.**

23 **12-202.1.**

24 ~~**BEGINNING IN CALENDAR YEAR 2026**~~ **FOR PERIODS BEGINNING AFTER**
25 **DECEMBER 31, 2026,** A PERSON SHALL FILE A TOBACCO TAX RETURN
26 **ELECTRONICALLY.**

27 SECTION 4. AND BE IT FURTHER ENACTED, That Section 2 of this Act shall take
28 effect January 1, 2030.

29 SECTION ~~2~~ 5. AND BE IT FURTHER ENACTED, That, except as provided in
30 Section 4 of this Act, this Act shall take effect July 1, 2024.