

Maryland

Tax Alert



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03-20

IMPACT OF COVID-19 ON MARYLAND TAX FILING

On March 5, 2020, Governor Lawrence J. Hogan, Jr. proclaimed a state of emergency and a catastrophic health emergency related to COVID-19.

The following tax alert addresses actions taken by the Governor and the Office of the Comptroller of Maryland due to the unprecedented situation caused by the COVID-19 pandemic.

Extension of Time for Income Tax Filing and Income Tax Payments

Due to the COVID-19 pandemic and associated restrictions on activity, the federal government extended the deadline for filing 2019 income tax returns and submitting 2019 income tax payments by 90 days, to July 15, 2020. Maryland individual, corporate, pass through entity, and fiduciary taxpayers are afforded the same relief at the Maryland level. Unlike the federal extension, which included only those taxpayers who owed under a certain amount of tax, the Maryland extension applies to all taxpayers.

By law, 2019 tax returns for businesses and individuals are due no later than April 15, 2020¹. However, if the Comptroller finds that good cause exists, the Comptroller may extend the time to file an income tax return². Due to the state of emergency, the Comptroller finds that good cause exists to extend the time to file an income tax return. The deadline to file a 2019 income tax return is July 15, 2020. Interest and penalty shall be assessed on any unpaid tax from July 15, 2020 until the date the tax is paid.

Fiscal year filers with tax years ending January 1, 2020 through March 31, 2020 are also eligible for the July 15, 2020 extension for filing returns and payment. The due date for March quarterly estimated payments of 2020 taxes is also extended to July 15, 2020.

The extension to July 15, 2020 for filing of returns and payment of 2019 taxes is automatic; no filing or request is required to take advantage of the extended deadline. Individual taxpayers who are paying by check or money order should submit their payment, along with Maryland Form PV, by July 15, 2020. As always, if no tax is due and you requested a federal extension, you do not need to file a Form PV or take any other action to obtain an automatic six-month extension to file your Maryland tax returns.

¹ Tax General Article § 10-820(a)(1)

² TG § 10-823

The extension for filing of returns and payment of income tax owed also extends the statute of limitations for filing a claim for refund of income tax.

The extension for filing returns and payment of income tax does not affect the filing of estate tax returns or the payment of estate tax.

Electronic filing continues to be the most efficient way to file taxes and to request a refund. iFile and bFile, on the Comptroller's [website](#), allow you to file individual and corporation income tax returns electronically for free.

Cessation of collection efforts

Pursuant to the proclamation of a state of emergency and a catastrophic health emergency the Governor issued an Order, dated March 12, 2020, entitled "Extending Certain Licenses, Permits, Registrations, and Other Governmental Authorizations, and Authorizing Suspension of Legal Time Requirements." Pursuant to certain authority granted to the Comptroller under the Annotated Code of Maryland and the Governor's Executive Order, the Comptroller is suspending the following provisions of the Annotated Code of Maryland, Tax General Article ("TG") §13-601(a), (b); § 13-701(a), (b); and §13-807; §13-811(c),(e) related to the Comptroller's cessation of collection efforts. This cessation is effective immediately and shall continue until 30 days after the lifting of the state of emergency by the Governor.

Pursuant to this action, the Comptroller's office will not send out lien warning notices, issue liens, attach bank accounts, hold up the renewal of any license including Maryland driver's licenses, or offset vendor payments for Maryland taxes. Taxpayers receiving notices from the Comptroller's Office during the current COVID-19 crisis should contact the telephone number or email address on the notice for additional information. Further, taxpayers who are currently on a payment plan for delinquent business and/or income taxes and are unable to make those payments due to the COVID-19 crisis should contact this office at the following to discuss delaying payments:

Business taxpayers: cdcollectionbizz@marylandtaxes.gov

Individual income tax taxpayer: COVID19@marylandtaxes.gov

To allow this Office to respond quickly to requests for delaying payments, Comptroller Franchot suggests that the following information is provided:

Individual Taxpayers: name, address, daytime phone number and the last four digits of the taxpayer's social security number;

Business Taxpayers: business name, contact name, daytime telephone number, central registration number (CR) or federal identification number (FEIN).

Extensions for Other Business Taxes

Electronic filing remains the most efficient way to file Maryland business tax returns. [bFile](#) allows you to file many business tax returns online for free.

Sale and use tax

Generally, sales and use tax returns are due on or before the 20th day of the month that follows the month in which a vendor made a retail sale³. The payment of sales and use tax must accompany the return⁴. The Comptroller may extend the time to file a sales and use tax return for reasonable cause⁵. The Comptroller has extended the time to file sales and use tax returns for sales taking place in February, March, and April of 2020 to June 1, 2020. Sales and use tax returns, and their accompanying payments, are due no later than June 1, 2020.

Do not combine sales for separate reporting periods into a single return. Instead, please file the separate returns reflecting the sales and the tax collected for each filing period as if they had been filed according to their original due dates.

Withholding

Generally, every employer must withhold estimated income tax from employees' wages and submit estimated payments to the Comptroller⁶. Due to the state of emergency, any withholding payments due for periods including February, March, and April 2020, may be submitted by June 1, 2020, without incurring penalties or interest.

Do not combine withholding for separate reporting periods into a single return. Instead, please file the separate returns reflecting the tax withheld for each filing period as if they had been filed according to their original due dates.

Admissions and amusement tax

The due date for returns and payments of admissions and amusement tax is usually the 10th day of the month that follows the month in which the person has gross receipts subject to the admission and amusement tax, and for other periods that the Comptroller specifies by regulation⁷. The payment must accompany the return⁸. The Comptroller is authorized to abate late charges for cause shown. Abatements may be made by the Comptroller without a request if qualification can be determined on an automated

³ TG § 11-502(a)(1)

⁴ TG § 11-601

⁵ TG § 11-503

⁶ TG § 10-906

⁷ TG § 4-201

⁸ TG § 4-301

basis⁹. The Comptroller has determined that penalty will be abated on admissions and amusement returns and payments for gross receipts from February, March, and April 2020, so long as the returns and payments are submitted by June 1, 2020.

Do not combine admissions and amusement tax for separate reporting periods into a single return. Instead, please file the separate returns reflecting the admissions and amusement tax collected for each filing period as if they had been filed according to their original due dates.

Alcohol taxes

A person who holds a Class E, F, or G alcoholic beverage license must file an alcoholic beverage tax return by the 25th day of the month following the month the person sells any alcoholic beverage¹⁰. Manufacturer and wholesaler returns are generally due by the 10th day of the month that follows the month the manufacturer or wholesaler sells an alcoholic product¹¹. Resident and nonresident dealers' returns are due by the 15th day of the month following a month in which a nonresident dealer delivers beer into the state¹². Direct wine shippers must file alcoholic beverage returns quarterly¹³. Payment of the alcoholic beverage tax, in the manner prescribed by the Comptroller, must accompany the return¹⁴. However, due to the state of emergency, alcohol tax returns (both those that include payments and those that do not include payments) covering sales in February, March, and April 2020, may be submitted no later than June 1, 2020, without incurring penalties or interest.

Beer taxes must be prepaid¹⁵. However, the Comptroller may increase or decrease the amount of prepayment¹⁶. Due to the state of emergency, beer tax payment may be paid as late as June 1, 2020, without incurring penalties or interest.

Tobacco taxes

In general, manufacturers' tobacco tax returns and payments are due by the 15th of each month, reporting the previous month's activity¹⁷. Manufacturers must submit payment with the return¹⁸. Due to the state of emergency, manufacturers' returns for activity from February, March, and April 2020 are now due no later than June 1, 2020. No interest or penalty will be imposed if returns and payments are submitted by June 1, 2020.

⁹ COMAR 03.06.03.03

¹⁰ TG § 5-201(a)(1)

¹¹ TG § 5-2-1(b)(1)(i)

¹² TG § 5-201(c)(1), (e)

¹³ TG § 5-201(d)

¹⁴ TG § 5-301

¹⁵ COMAR 03.02.01.01.A.(3)

¹⁶ COMAR 03.02.01.01.B(4)

¹⁷ COMAR 03.02.04.01.B(1)

¹⁸ TG § 12-302(a)

Do not combine tobacco tax for separate reporting periods into a single return. Instead, please file the separate returns reflecting the tobacco tax remitted for each filing period as if they had been filed according to their original due dates.

Cigarette and other tobacco products wholesalers' returns and payments are due by the 21st of the month that follows the month in which the wholesaler took possession of the product¹⁹. Due to current circumstances, returns and payments for products to which wholesalers took possession in February, March, and April 2020, are due no later than June 1, 2020. Wholesalers who first possess in the state unstamped cigarettes must pay the tax by buying and affixing tax stamps²⁰. Wholesalers must continue to purchase and affix tax stamps to products that will be sold; wholesalers may not sell unstamped cigarettes.

Licensed retailers and tobacconists must file returns with payment quarterly for tax liabilities in the preceding quarter²¹. Generally, liabilities incurred between October 21 and January 21 are due by April 21. Due to the state of emergency, returns and payment for liabilities incurred between October 21, 2019, and January 21, 2020, are due no later than June 1, 2020. No interest or penalties will be imposed if returns and payment are submitted by June 1, 2020.

Motor carrier and motor fuel taxes

Motor carrier and motor fuel tax returns and payments otherwise due in March, April, or May 2020, may be submitted no later than June 1, 2020, without incurring penalty or interest²².

Do not combine motor carrier or motor fuel for separate reporting periods into a single return. Instead, please file the separate returns reflecting the tax for each filing period as if they had been filed according to their original due dates.

Tire recycling and Bay restoration fees

Tire recycling reports and fees are submitted semi-annually in January and July. As such, no change to the tire recycling reports and fees due date will be made at this time.

Bay restoration fees due in March, April, and May 2020, may be paid no later than June 1, 2020, without incurring interest or penalties.

¹⁹ TG § 12-202(a)

²⁰ TG § 12-302(b)

²¹ TG § 12-302(d)

²² TG § 9-207(a)

Unclaimed Property Reporting for Insurance Companies

Unclaimed property reports and payments for insurance companies for each calendar year are due by April 30th of the following year²³.

The deadline to report and pay unclaimed property for insurance companies for calendar year 2019 is extended to July 31, 2020. Companies should continue to report the unclaimed property amounts and make payment at the same time.

²³ CLA § 17-310(d)