



## **Business tax tip #10**

### **Tax Collections and You**

#### **How are taxpayers notified of past due business taxes?**

The Maryland Comptroller's Office mails a notice to taxpayers who have incurred charges for past due taxes, interest and penalties or have failed to file a required return.

#### **How long do I have to pay the balance due?**

The balance represents an amount that should have already been paid. You should pay it immediately.

#### **How are late charges calculated?**

A late sales and use, admissions and amusement or tire fee return is subject to a 10 percent penalty and interest at a rate of 10.5% per annum. A late withholding return is subject to a 10 percent penalty after 30 days, plus interest. Taxpayers who file a late sales and use tax or tire fee return may not claim the collection discount. If you do not file a missing return after the notice, an estimated assessment may be levied and additional penalty applied.

#### **Does the state impose a fee on dishonored or invalid payments?**

Yes. In addition to penalty and interest, a \$30 fee is applied to dishonored or invalid payments.

#### **What should I do if I didn't receive a return?**

You can either visit our website to see if online filing options such as [bFile](#) are available or you can contact [Taxpayer Services](#) so we can ensure that you begin to receive your returns. Do not use a statement of account payment stub as a return.

#### **Do I have to file a return even if I don't owe taxes for the period?**

Yes. If you have no tax to report, you must file by calling 410-260-7225 by the due date. Otherwise, you will receive a notice of delinquency.

### **Are notices for audit assessments handled any differently?**

Yes. If you receive a notice of assessment because of an audit, you may file an appeal if you disagree with the assessment. If the appeal is timely filed and in the hearing process, collection actions will not be taken against you.

### **What will happen if I do not pay past due taxes or file missing returns as soon as I get my notice?**

Our Collections section will contact you to resolve your tax issue. You can contact the Comptroller's business tax collection section at [cdcollectionbizz@marylandtaxes.gov](mailto:cdcollectionbizz@marylandtaxes.gov) or by phone at 410-649-0633. If needed, the Comptroller's individual tax collection section can be reached at [cdcollectionind@marylandtaxes.gov](mailto:cdcollectionind@marylandtaxes.gov) or by phone at 410-974-2432.

If you do not contact us to resolve your tax issue, the Comptroller's Office may take one or more of the following actions:

- Issue an estimated tax assessment for missing returns
- File a notice of tax lien
- Levy your bank account or wages
- Issue summons for a sales and use tax license revocation hearing
- Intercept your state and federal refunds
- Intercept your vendor payments if business with the State or federal government.
- Prevent renewal of your State business, professional, motor vehicle or liquor licenses.
- Publish your name and amount of tax liability on our "Caught in the Web" list

### **What is the effect of filing a notice of tax lien?**

A tax lien is filed in the circuit court where a taxpayer does business or owns property. A tax lien has the effect of recording a court judgment and is notice to other creditors of the priority of the state's claim. A lien damages a taxpayer's credit score, the ability to borrow money and prevent the sale or purchase of property.

### **If an estimated tax assessment is filed against me, what should I do?**

You should appeal the assessment within 30 days from the date on the notice. You should be prepared to provide the missing tax returns or a reason why you were not required to file the missing returns. If you do not file an appeal within 30 days, the assessment becomes final and non-appealable.

### **What is a license revocation hearing?**

Businesses must have a sales and use tax license to make taxable sales. If you charge and collect the sales tax from customers but do not pay the tax to the Comptroller, you may be summoned to a hearing to show cause why your sales and use tax license should not be revoked. If you fail to appear for the hearing, do not agree to pay past due taxes or default on a payment plan set up a hearing, your license will be revoked.

### **Does the Comptroller's Office ever seize assets to satisfy tax liabilities?**

Yes. The Comptroller's Office regularly levies bank accounts and issues wage garnishments. Once a notice of tax lien has been filed, an attachment may be issued requesting the sheriff to seize a delinquent taxpayer's assets such as liquor licenses, cash on premises, equipment, vehicles, inventory and real property.

### **Can my refunds and payments from state and federal governments be taken because of my tax liabilities?**

Yes. Any money the state or federal government owes you for goods or services or an individual or corporation income tax refund can be applied to unpaid tax balances or held pending the filing of missing tax returns.

### **If I operate as a corporation, can I avoid personal liability for taxes?**

No. The president, a vice president, the treasurer and any other officer owning 20 percent of the corporation's stock is personally liable for the corporation's unpaid sales and use taxes, penalties and interest. Any officer of the corporation who exercises direct control over its fiscal management is personally liable for withholding and admissions and amusement taxes, penalties and interest.

### **Can taxes be avoided through bankruptcy proceedings?**

State taxes are not discharged in bankruptcy. If a bankrupt business does not have enough assets to pay state taxes, the owners and specified corporate officers are personally responsible for the taxes.