

# Bulletin



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## 2006 Changes in the Sales and Use Tax Law and the Admissions and Amusement Tax Law

*The 2006 Maryland General Assembly enacted the following changes in the Sales and Use Tax Law & Admissions and Amusement Tax, which are effective July 1, 2006.*

**SB 227 AND HB 308 – Exemption for veterans organizations:** The General Assembly has provided an exemption on sales made to veterans organizations and their auxiliaries or their units if the purchases are made for the organization's exempt purposes. These organizations or their auxiliaries or units must possess a 501(c)(19) letter of determination from the Internal Revenue Service as evidence of qualification for this exemption which will end on June 30, 2009.

**HB 1223 - Laundering Services:** The General Assembly has modified the definition of "production activity" to include laundering, maintaining, or preparing textile products in providing the taxable service of commercial cleaning or laundering of textiles for a buyer engaged in a business that requires this service on a recurring basis.

**HB 951 - Bulk Vending Machine Sales:** The exemption for merchandise sold through a bulk vending machine for a taxable price of 25 cents or less has been increased to 75 cents or less. "Bulk vending machine" means a vending machine that contains unsorted merchandise and when a coin is inserted, the merchandise is dispensed in approximately equal portions at random without selection by the customer.

**HB 1624 – Exemption for Auction Sales By Religious and Nonprofit Organizations:** An exemption has been created for auction sales made by bona fide churches, religious organizations, and other non-profit organizations if the proceeds of the sale are used for their exempt purposes. The exemption will apply only if the organization is exempt from taxation under 501(c)(3) of the Internal Revenue Code and the sale is an auction sale. In addition, the exemption will apply only to that portion of the price that qualifies for a deduction as a charitable contribution under the IRS regulations and guidelines.

**SB 323 (2002 Session) – Reduced Vendor Discount Expires:** The reduced vendor discount for timely filing of the sales and use tax returns enacted by the General Assembly in its 2002 session for a period of two years beginning July 1, 2004 expires on June 30, 2006. The discount rate will be restored to the pre-July 2004 rates. The vendor discount for timely filing of the sales and use tax returns for collections not exceeding \$6,000 will be restored to 1.2%, up from .6% and the vendor discount for timely filing for collections exceeding \$6,000 has been restored to .9% up from .45%. Vendors should take the higher discount effective with the July 2006 return due August 20, 2006.

**SB 1514 - Baltimore County Admissions and Amusement Tax:** Baltimore County will no longer impose its admission and amusement tax on gross receipts derived from any admissions and amusement charges for activities related to agricultural tourism.

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