

Maryland Sales and Use Tax

# Tax Alert



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## PEER-TO-PEER CAR SHARING

*Updated February 1, 2022*

As a result of legislation passed during the 2018 Session of the Maryland General Assembly, the definition of “short-term vehicle rental” for sales tax purposes was expanded to include a shared motor vehicle used for peer-to-peer car sharing and made available on a peer-to-peer car sharing program. Effective July 1, 2018, Senate Bill 743 established a regulatory framework for peer-to-peer car sharing in the State, impacting not only the Tax-General Article, but the Commercial Law, Insurance & Transportation Articles as well. *\*New\** 2021 House Bill 1209 made this framework permanent. Governor Lawrence Hogan vetoed House Bill 1209 on May 28, 2021. The Governor’s veto was overridden during the 2021 special session, and the regulatory framework is now permanent.

As defined in §19-520 of the Insurance Article, peer-to-peer car sharing means, “the authorized use of a motor vehicle by an individual other than the vehicle’s owner through a peer-to-peer car sharing program.” A peer-to-peer car sharing program was further defined to mean “a platform that is in the business of connecting vehicle owners with drivers to enable the sharing of motor vehicles for financial consideration.”

The legislation set the sales tax rate for charges made in connection with a shared motor vehicle used for peer-to-peer car sharing and made available on a peer-to-peer car sharing program at 8%. The taxable price for charges made in connection with a shared motor vehicle used for peer-to-peer car sharing made available on a peer-to-peer car sharing program includes all sales and charges (including but not limited to delivery fees, cleaning fees, booking fees, protection packages, etc.), excluding the sale of motor vehicle fuel that is subject to the motor fuel tax.

If not registered with the Comptroller of Maryland to remit the sales tax on peer-to-peer car sharing, operators of peer-to-peer car sharing programs should take immediate action to complete the registration process. Online registration can be completed on the Comptroller’s website at [www.marylandtaxes.com](http://www.marylandtaxes.com) using a Combined Registration Application. For additional information contact Taxpayer Service at 1-800-MD-TAXES or email questions or concerns to [taxhelp@marylandtaxes.gov](mailto:taxhelp@marylandtaxes.gov).