

# Business Tax Tip #1

## Preparing your Sales and Use Tax Return

You can save time and money while avoiding some of the most common filing problems by filling out the Maryland sales and use tax return completely and correctly. Follow the suggestions and instructions in the sales and use tax booklet or on your sales and use tax return.

File electronically for free by using Maryland's [bFile](#) service, or by using the paper form we send you. If you are using the paper form, do not use a photocopy. The scan line on the original form contains data we need to process your return. Failure to use the original form will delay processing of your return.

- **Line 1:** Enter the total amount of all your taxable and non-taxable sales and rentals of tangible personal property and of your taxable services. Do not include any tax collected in this figure.
- **Line 2:** Sales subject to 6% tax rate  
In **box 2a** – Enter the amount of sales that are subject to tax at the 6% rate. *Note:* If the gross sales on Line 1 include sales of modular homes or gross receipts from vending machine sales; or if you are a marina which sells dyed diesel fuel; or if you are a hotel: please see the applicable sales tax information at [www.marylandtaxes.gov](http://www.marylandtaxes.gov) to determine the appropriate percentage of sales to use in computing the 6% tax.  
In **box 2** – Enter the actual amount of the sales and use tax you collected or should have collected on sales subject to the 6% tax rate, less any tax which you properly refunded to your customers for canceled sales. The amount due will almost always be greater than 6 percent of taxable sales because of the bracket nature of the tax. You can download a [rate chart](#), or obtain one from Taxpayer Service at 410-260-7980 or toll free at 1-800-638-2937.
- **Line 3:** Car and motorcycle rentals subject to 11.5% rate  
In **box 3a** – Enter the amount of short-term car and motorcycle rentals subject to tax at the 11.5% rate.  
In **box 3** – Enter the actual amount of tax you collected or should have collected on your car and motorcycle rental receipts, less any tax which you properly refunded to your customers for canceled sales.
- **Line 4:** Truck rentals subject to 8% rate  
In **box 4a** – Enter the amount of short-term truck rentals subject to tax at the 8% rate.  
In **box 4** – Enter the actual amount of tax you collected or should have collected on your truck rental receipts, less any taxes you properly refunded to your customers for canceled sales.
- **Line 5:** Tax Due on Short-Term Rentals – Enter the sum of the tax shown in boxes 3 and 4.
- **Line 6:** Sales of alcoholic beverages subject to 9% rate  
In **box 6a** – Enter the amount of sales of alcoholic beverages that are subject to tax at the 9% rate.

- **Line 7:** Add Lines 2, 5, and 6 and enter the total on this line.
- **Line 8:** If Line 7 is \$6,000 or less, multiply that amount by .012. If Line 7 is greater than \$6,000, multiply that amount by .009 and add \$18.00. The discount may not exceed \$500 for each return. A vendor who files or is eligible to file a consolidated return is allowed a maximum discount not to exceed \$500 for all returns. A discount cannot be taken if the return is filed and paid after the due date.
- **Line 9:** Subtract Line 8 from Line 7 and enter the difference on this line
- **Line 10:** Purchases subject to 6% rate  
 In **box 10a** – Enter the amount of purchases, rentals or use of personal property, subject to the 6% rate.  
 In **box 10** – Enter the amount of tax due on your purchases, rentals, or use of personal property, taxable to you at the 6% rate upon which the proper amount of Maryland tax has not been paid, including your purchases of merchandise for resale which you have converted to your own use.
- **Line 11:** Purchases of alcoholic beverages subject to 9% rate  
 In **box 11a** – Enter the amount of purchases of alcoholic beverages subject to the 9% rate  
 In **box 11** – Enter the amount of tax due on your purchases of alcoholic beverages taxable to you at the 9% rate upon which the proper amount of Maryland tax has not been paid, including your purchases of alcoholic beverages for resale which you have converted to your own use.
- **Line 12:** Add the amounts shown on Lines 9, 10, and 11 and enter the total on this line. **If the total is zero, do not mail your form.** Instead, telefile your report by calling 410-260-7225 or file electronically through [bFile](#).
- **Line 13:** If you are entitled to a refund of previously paid taxes of \$1,000 or less you may claim it on this line. If the refund exceeds \$1,000, you must pay the full amount due on Line 12 with this return and file a separate refund application, Form 205. You may not claim an amount greater than the amount on Line 12; you may claim the excess amount on Line 13 of your next return or file a Form 205, Sales and Use Tax Refund Application.
- **Line 14:** Subtract Line 13 from Line 12 and enter the difference on this line.
- **Line 15:** If late  
 In **box 15a** – If this return with payment for taxes due is not filed by its due date, you must include a penalty of 10% of the tax due on Line 12 plus interest.  
 In **box 15b** – Interest is payable at a rate of 1.00% per month or fraction of a month of the amount on Line 12.  
 In **box 15** – Add lines 15a and 15b and enter the total on Line 15.
- **Line 16:** Sales and Use tax balance due – Add the amounts shown on Line 14 and 15 and enter the total on this line.
- **Line 17:** Prepaid Wireless E 9-1-1 Fee  
 In **box 17a** – Multiply each Prepaid Wireless E 9-1-1 retail transaction by .60 and enter the amount in this box.  
 In **box 17b** The seller may deduct 3% of the Prepaid Wireless E 9-1-1 fee. Multiply the amount from box 17a by .03 and enter the amount in box 17b.  
 In **box 17c** – Subtract the amount of Line 17b from Line 17a and enter the

amount in this box.

- **Line 18:** Total balance due – Add the amounts shown on Lines 16 and 17c and enter the total on this line.
- **Line 19:** Enter the amount of the check or money order. Make check or money order payable to: Comptroller of Maryland-SUT. Please write your CR number on your check using blue or black ink.
  - Or use one of the other filing methods:
    - File online for free using [bFile](#).
    - Pay by [credit card](#) online at [Official Payments Corp](#) or over the phone by calling 1-800-2PAYTAX.

**Remember...**

- Use the forms we sent you because they are pre-coded. Copies will not be accepted. You may also file online for free using [bFile](#).
- Use your account number in all your correspondence about your sales and use tax account and on checks you remit.
- You are required to file a return by telephone at 410-260-7225 if you have no taxable sales to report and owe no tax for the report period. If you do not file on time, you will receive a delinquent notice.
- If you have more than one place of business, you will need a separate sales and use tax license for each location. You can save time and money by filing a single consolidated return. A vendor who files or is eligible to file a consolidated return is allowed a maximum discount not to exceed \$500 for all returns filed for any one period. Contact Taxpayer Service at 410-260-7980 to establish a consolidated account.
- Show sales and use tax as a separate item on a sales slip or invoice. Otherwise there is no record that you collected the tax or that your customer paid the tax.
- You may assume and absorb all or any part of the sales and use tax on a retail sale and pay that tax on behalf of the buyer. You must, however, continue to separately state the tax from the sales price at the time of sale to the purchaser. If you absorb all or any part of the tax on the sale, you must pay the tax with the return that covers the period in which you make the sale.
- Collect sales and use tax on items that you sell for nonprofit organizations if those items are ordinarily taxable. This is true even if the nonprofit organization would not collect tax on items it sells directly.