

# **Business and personal tax tip #30 A**

## **Brief Look at Maryland Taxes**

### **Income tax**

Effective January 1, 2012, Maryland imposes a graduated personal income tax beginning at 2 percent on the first \$1,000 of taxable income and increasing up to a maximum of 5.75 percent on incomes exceeding \$250,000, or \$300,000 for taxpayers filing jointly or Head of Household or Qualifying Widow(er).

The personal exemption amount is \$3,200 for taxpayers with a federal adjusted gross income of up to \$100,000 (up to \$150,000 if filing jointly). For taxpayers with higher incomes, the exemption is limited and set at a sliding scale at \$1,600.

Baltimore City and the 23 counties levy a local income tax on residents that is calculated as a percentage of Maryland taxable income at rates which may range from 1.25 percent to 3.2 percent. Nonresidents are subject to a special nonresident tax rate of 1.75 percent. See [Personal tax tip #53](#).

The local income tax is calculated on the same form as the Maryland income tax. Maryland individual income tax returns are due on April 15. Individuals whose income is not subject to employer withholding, or who have not had enough tax withheld, may be required to file quarterly estimated tax payments.

Employers who make payments to resident or nonresident individuals of salaries, wages or other compensation for personal services must withhold the income tax as prescribed in the Comptroller's published charts and tables. The corporate income tax rate is 8.25 percent, based on federal taxable income after state modifications.

Contact:  
Revenue Administration Division  
110 Carroll Street  
Annapolis, MD 21411-0001  
410-260-7980 (information)  
410-260-7951 (tax forms), or 1-800-638-2967  
E-mail: [\*\*taxhelp@comp.state.md.us\*\*](mailto:taxhelp@comp.state.md.us)

**Utility Surcharges**

**Utility surcharges** are collected by electric companies that deliver electricity in Maryland and by telephone companies doing business in Maryland. The electricity surcharges are then paid to the Comptroller for deposit in the Environmental Trust and Universal Service Program Funds. The telecommunications surcharges are paid to the Comptroller for deposit in the 911 Emergency Telephone System and Communications Access of Maryland Funds.

## Contact:

Revenue Administration Division  
Revenue Accounting  
110 Carroll Street  
Annapolis, MD 21411-0001  
410-260-7782 or 1-800-638-2967  
E-mail: [taxhelp@comp.state.md.us](mailto:taxhelp@comp.state.md.us)

**Motor Fuel Tax**

The Maryland **motor fuel tax** rates are currently 36.7 cents per gallon of gasoline and clean-burning fuels, and up to 37.45 cents per gallon of diesel fuel and certain other special fuels. There are other requirements for motor carriers, trucking companies and fuel distributors.

## Contact:

Revenue Administration Division  
Motor Fuel Tax Unit  
P.O. Box 1751  
Annapolis, MD 21404-2999  
410-260-7922 or 1-800-638-2937  
E-mail: [mft@comp.state.md.us](mailto:mft@comp.state.md.us)

**Alcohol and Tobacco Taxes**

The Maryland excise tax rates on alcoholic beverages are \$1.50 per gallon of distilled spirits, 40 cents per gallon of wine, and 9 cents per gallon of beer. The tobacco tax rate is \$2.00 per pack of 20 cigarettes.

There is also a tax of 30 percent of the wholesale cost of other tobacco products (cigars, pipe tobacco, etc.).

## Contact:

Revenue Administration Division  
Alcohol and Tobacco Tax Unit  
P.O. Box 2999  
Annapolis, MD 21404-2999  
410-260-7980 or 1-800-638-2937  
E-mail: [att@comp.state.md.us](mailto:att@comp.state.md.us)

**Sales and Use Tax**

The general Maryland **sales and use tax** rate is 6 percent, with a 9 percent tax on the purchase of alcoholic beverages. Special rates of 8 percent and 11½ percent are imposed on certain rentals of passenger cars, trucks and recreational vehicles. Most sales of food by substantial grocery or market businesses are not subject to tax. Other exemptions include medicine, energy for residential use, manufacturing machinery and equipment, and certain agricultural equipment and supplies.

Sales tax returns are due the 20th day of the month following the month or other reporting period in which the taxable sales were made.

Contact:

Revenue Administration Division  
Taxpayer Service Section  
110 Carroll St  
Annapolis, MD 21411-0001  
410-260-7980 or 1-800-638-2937  
E-mail: [sut@comp.state.md.us](mailto:sut@comp.state.md.us)

**Admissions and Amusement Tax**

The **admissions and amusement tax** is a local tax collected by the Comptroller's Office for Maryland's counties, Baltimore City and other incorporated cities and towns. The tax is imposed on a variety of activities, and is set by the localities at rates varying from one-half of 1 percent to 10 percent of the admissions or amusement receipts. Effective June 1, 2009, a state admissions and amusement tax rate of 30 percent is imposed on the net receipts from the operation of an electronic bingo machine permitted under a commercial bingo license or electronic tip jar, less the amount of money winnings or prizes paid out to players. Effective July 1, 2012, the state admissions and amusement tax imposed on electronic bingo and electronic tip jars in Calvert county is 33 percent.

Contact:

Revenue Administration Division  
Taxpayer Service Section  
110 Carroll St  
Annapolis, MD 21411-0001  
410-260-7980 or 1-800-638-2937  
E-mail: [taxhelp@comp.state.md.us](mailto:taxhelp@comp.state.md.us)

**Tire Recycling Fee**

Tire wholesalers or tire retailers who buy tires from out-of-state sources must register and pay the **tire recycling fee**.

Contact:

Revenue Administration Division Taxpayer Service Section  
110 Carroll St  
Annapolis, MD 21411-0001  
410-260-7980 or 1-800-638-2937  
E-mail: [taxhelp@comp.state.md.us](mailto:taxhelp@comp.state.md.us)

### **Estate Tax**

The **Maryland estate tax** is generally calculated by deducting the amount of the inheritance tax paid to the Register of Wills from the maximum allowable credit for state death taxes on the federal estate tax return, without reduction by any Act of Congress enacted on or after January 1, 2001. If the inheritance tax exceeds the credit, no estate tax is due. The Maryland estate tax return is due nine months from the date of the decedent's death. See **Administrative Release 30** for additional information.

Contact:

Revenue Administration Division  
Estate Tax Section  
P.O. Box 828  
Annapolis, MD 21404-0828  
410-260-7850 or 1-800-638-2967  
E-mail: [taxhelp@comp.state.md.us](mailto:taxhelp@comp.state.md.us)

### **Inheritance Tax**

The Register of Wills in each county collects the **inheritance tax**. The inheritance tax is imposed at the rate of 10 percent on the clear value of property that passes from a decedent to certain beneficiaries. The tax is imposed on property that passes under a will, the intestate laws of succession, a trust, deed, joint ownership, or otherwise. See **Inheritance tax** for additional information.

For decedents who died on or after July 1, 2000, property passing from a decedent to any of the following is not subject to inheritance tax: child or other lineal descendent, spouse of a child or other lineal descendent, spouse, parent or grandparent, or a sibling of the decedent. Property passing to charity continues to be exempt from the inheritance tax. For information regarding the taxation of property received by these individuals, contact the **Register of Wills** in the county where the decedent was domiciled.

### **Unclaimed Property**

Businesses are required to report **unclaimed property** covered under the Commercial Law Article, Title 17, Subtitle 3. If an account at a business has no activity for three years, the property is considered unclaimed and must be reported to the Comptroller's Unclaimed Property Unit. Traveler's checks must be reported after 15 years.

Insurance companies are required to report by April 30 for the period ending December 31. All other businesses must file by October 31 for the period ending June 30.

Contact:

Compliance Division  
Unclaimed Property Unit  
301 W. Preston St., Room 310  
Baltimore, MD 21201-2385  
410-767-1700 or 1-800-782-7383  
E-mail: [unclaim@comp.state.md.us](mailto:unclaim@comp.state.md.us)

**Other Agencies' Taxes and Fees**

*Unemployment Insurance:* Department of Labor, Licensing & Regulation, Unemployment Insurance Division, Room 414, 1100 N. Eutaw St., Baltimore, MD 21201. Toll-free 1-800-492-5524.

*Injured Workers' Insurance Fund:* Maryland Compensation Commission, 10 E. Baltimore St, Baltimore, MD 21202. 410-864-5100 or 1-800-492-0479. New Corporations: Department of Assessments & Taxation, 301 W. Preston St., Baltimore, MD 21201. 410-767-1340.

*Personal Property Tax on Businesses:* Department of Assessments & Taxation, 301 W. Preston St., Baltimore, MD 21201-2395. 410-767-1170 or 1-800-246-5941.

*Franchise and Public Utilities Taxes:* Public Utility & Franchise Tax Unit, 301 W. Preston St., Baltimore, MD 21201-2395. 410-767-1940.

*Insurance Company Premium Tax:* Maryland Insurance Administration, 200 St. Paul Place, Suite 2700, Baltimore, MD 21202. 410-468-2000 or 1-800-492-6116.

*Local Business Licenses:* Contact your local Clerk of the Circuit Court.

*Local Real Property Tax Rates:* Contact your local Department of Assessments & Taxation office.

*Local Recordation Taxes, Property Transfer Taxes:* Contact your local Clerk of the Circuit Court where the property is located.

*Motor Vehicle Titling Tax and License Fees:* Motor Vehicle Administration, 6601 Ritchie Highway N.E., Glen Burnie, MD 21062. 1-800-9501682.

*Boat Titling Tax, Hunting and Fishing Licenses and Fees:* Department of Natural Resources, Tawes State Office Building, 580 Taylor Ave., Annapolis, MD 21401. 410-260-8367 or 1-877-620-8367.

**Maryland does not levy a personal property tax on individuals or a gift tax, nor are there any separate school taxes.**