

News Release

Comptroller Lierman's Legal Division Now Accepting Petitions for Private Letter Rulings

ANNAPOLIS, Md. (January 9, 2024) — The Office of the Comptroller has begun accepting private letter ruling (PLRs) petitions.

PLRs are an important tool for taxpayers seeking certainty of tax treatment when they have a certain fact situation that is not addressed in other guidance. Because a PLR is binding on the Comptroller, the taxpayer has financial certainty regarding the transaction that is the subject of the PLR, which reduces financial risk. A PLR is binding on the Comptroller for seven years, unless revoked, modified, or voided.

During the 2022 General Assembly Session, **Comptroller Brooke E. Lierman**, then a delegate representing Baltimore City, sponsored legislation establishing a legal division within the Office of the Comptroller to provide detailed and expanded guidance to taxpayers, including PLRs.

"I am proud that Maryland is now able to join other states in offering private letter rulings and bring much needed clarity to businesses seeking to fulfill their obligations to the state," Comptroller Lierman said. "I applaud the legal division of my office for their tireless work to bring additional transparency and consistency to how we enforce tax policy in Maryland and reduce the burden on Maryland taxpayers to navigate what can be a complex system. This will make it easier for businesses to file tax returns and interact with the agency in a positive way."

The Maryland Economic Development and Business Climate Commission had originally proposed that Maryland establish a PLR process in its second report, issued in 2016. The legislation was supported by the Maryland Association of CPAs (MACPA), and Maryland Chamber of Commerce. Senator Katie Fry Hester carried the cross-file of the legislation.

"The MACPA and our members have long advocated for a private letter ruling process in Maryland, and we couldn't be happier one is now available through the new Legal Division in the Comptroller's Office," **said Maryland Association of CPAs CEO Rebekah Brown, CPA**. "PLRs allow taxpayers to get binding answers from the Comptroller's Office to their tax questions. In turn, taxpayers can then pay the right amount of tax at the right time, rather than years later after an audit or litigation. By establishing a Legal Division in the Office of the Comptroller and creating the PLR process, Maryland has taken a strong step in the fair and transparent administration of state tax laws."

In September, the Comptroller's Legal Division drafted proposed regulations to explain the PLR process and submitted them to the Joint Committee for Administrative, Executive, and Legislative Review. The regulations became effective January 8.

How does it work?

A petition may be submitted by a party to the transaction or an authorized representative such as an attorney, agent or person designated by a petitioner to represent them in a petition for a PLR. If using a representative, a completed **Maryland Form 548 Power of Attorney** must be filed with the petition.

A person who is a party to a transaction may be an individual, receiver, trustee, guardian, personal representative, fiduciary or representative, a partnership, firm, association, corporation, other entity, a governmental entity, or a unit of instrumentality of a governmental entity.

After receiving and reviewing a petition, the Comptroller's Office may ask for additional information such as missing components for the petition, documents, or briefings, and to clarify facts. If the required information is not submitted by a set due date and if other factors are involved, the Comptroller may deny a PLR.

Once issued, a PLR is binding on the Comptroller for a period of 7 years.

The Comptroller will publish a redacted or anonymized version of a PLR the Comptroller determines may be of interest to the public. Although these published copies are not binding on the Comptroller as to any person other than the petitioner, members of the public may regard them as informal, non-binding guidance.

Petitions may be submitted at: **CompMDLegal@marylandtaxes.gov**.
More detailed information may be found
at: <https://marylandtaxes.gov/legal-pubs/tech-bulletins/misc/tb-44.pdf>

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