

Maryland

Tax Alert



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Tax Alert Comptroller of Maryland
Revenue Administration Division
110 Carroll Street
Annapolis, Maryland 21401

Call 1-800-MD-TAXES (1-800-638-2937)
or from Central Maryland 410-260-7980

For tax information: www.marylandtaxes.gov
Questions? Send them to taxhelp@marylandtaxes.gov

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THIS ALERT SUPERSEDES PREVIOUS ALERT ISSUED 4-1.

IMPACT OF COVID-19 ON MARYLAND TAX FILING

On March 5, 2020, Governor Lawrence J. Hogan, Jr. proclaimed a state of emergency and a catastrophic health emergency related to COVID-19.

The following tax alert addresses actions taken by the Governor and the Office of the Comptroller of Maryland due to the unprecedented situation caused by the COVID-19 pandemic. *This tax alert includes updates based on additional guidance issued by the IRS on April 9, 2020. Tax deadline relief has been expanded to additional returns, tax payments and claims for refund, and generally applies to all taxpayers that have a filing or payment deadline falling on or after April 1, 2020 and before July 15, 2020.*

Please note, the information in this Tax Alert applies only to those tax filings under authority of the Comptroller, as described below. Taxpayers may need to consult other state agencies regarding any possible extensions for other tax filings (e.g., personal property, unemployment insurance).

Extension of Time for Income Tax Filing and Income Tax Payments

Due to the COVID-19 pandemic and associated restrictions on activity, the federal government extended the deadline for filing 2019 income tax returns and submitting 2019 income tax payments by 90 days, to July 15, 2020. Maryland individual, corporate, pass through entity, estate and fiduciary taxpayers are afforded the same relief at the Maryland level. Unlike the federal extension, which included only those taxpayers who owed under a certain amount of tax, the Maryland extension applies to all taxpayers.

By law, 2019 tax returns for businesses and individuals are due no later than April 15, 2020¹. Due to the state of emergency, the Comptroller finds that good cause exists to extend the time to file an income tax return. The deadline to file a 2019 income tax return is July 15, 2020. Interest and penalty shall be assessed on any unpaid tax from July 15, 2020 until the date the tax is paid.

Fiscal year filers with tax years ending January 1, 2020 through March 31, 2020 are also eligible for the July 15, 2020 extension for filing returns and payment. The payment due date for quarterly estimated tax payments² for the periods ending March 31, 2020 is generally April 15, 2020. Due to the state of emergency, the due date is extended to July 15, 2020. Additionally, the

¹ Tax General Article § 10-820(a)(1)

² TG § 10-902(a)(1)(ii)

due date for estimated payments for the second quarter of 2020, originally due on June 15, 2020, is extended to July 15, 2020.

The extension to July 15, 2020 for filing of returns and payment of 2019 taxes, as well as estimated tax payments for the first and second quarters of 2020, is automatic; no filing or request is required to take advantage of the extended deadline. Individual taxpayers who are paying by check or money order should submit their payment, along with Maryland Form PV, by July 15, 2020.

If no tax is due and you requested a federal extension, you do not need to file a Form PV, 500E, or take any other action to obtain an automatic extension to October 15 for individuals, and to November 15 for corporations.

Please note, the deadline to file a federal extension is generally April 15. Due to the COVID-19 pandemic, the deadline to request an extension to file 2019 federal taxes has also been extended to July 15, 2020. However, the extension due date remains October 15, 2020 for individuals, and November 15, 2020 for corporations. Effectively, the extension is reduced from the usual six months to three months for individuals, and from the usual seven months to four months for corporations. For individuals who request a federal extension by July 15, 2020, the Maryland tax return is due by October 15, 2020. For corporations who request a federal extension by July 15, 2020, the Maryland tax return is due by November 15, 2020. For more information on federal filing deadlines, please consult guidance issued by the IRS.

The extension for filing of returns and payment of income tax owed also extends the statute of limitations for filing a claim for refund of income tax for tax year 2019. Claims for refund from tax year 2019 must be filed no later than July 15, 2023.

The statute of limitations for filing a claim of refund of income tax for tax year 2016 is also extended. Typically, a claim for refund must be filed by three years from the due date of the return³. Due to the state of emergency, claims for refund from tax year 2016 must be submitted on or before July 15, 2020.

The extension of time for filing returns and payment of tax has been extended to apply to estate tax. Typically, an estate tax return must be filed by nine months after the date of the death of the decedent. Any estate with a return due date after April 1, 2020 and before July 15, 2020 may file the return on or before July 15, 2020. This extension affects the estates of decedents dying between July 1, 2019 and October 14, 2019. Estates that had previously filed a request for extension and whose due date falls between April 1, 2020 and July 14, 2020 are also affected. No action is required to take advantage of this extension; the extension is automatic. Because the due date for estates of decedents dying between July 1, 2019 and October 14, 2019 is now July 15, 2020, any request for a six-month extension beyond the July 15, 2020 due date to file the estate tax return must be submitted by July 15, 2020. As usual, a request for extension does not extend the time to pay the estate tax due beyond July 15, 2020; the tax must be submitted with the request for extension. Estate tax returns for those estates that file a request for extension by July 15, 2020 must submit the Maryland estate tax return on or before January 15, 2021.

³ TG § 13-1104(a)

Electronic filing continues to be the most efficient way to file taxes and to request a refund. iFile and bFile, on the Comptroller's [website](#), allow you to file individual and corporation income tax returns electronically for free.

Cessation of collection efforts

Pursuant to the proclamation of a state of emergency, and a catastrophic health emergency, the Governor issued an Order, entitled "Extending Certain Licenses, Permits, Registrations, and Other Governmental Authorizations, and Authorizing Suspension of Legal Time Requirements," dated March 12, 2020 and amended on March 30, 2020. Pursuant to certain authority granted to the Comptroller under the Annotated Code of Maryland and the Governor's Executive Order, the Comptroller is suspending the following provisions of the Annotated Code of Maryland, Tax General Article ("TG") §13-601(a), (b); § 13-701(a), (b); and §13-807; §13-811(c),(e) related to the Comptroller's cessation of collection efforts. This cessation is effective immediately and shall continue until 30 days after the lifting of the state of emergency by the Governor.

Pursuant to this action, the Comptroller's office will not send out lien warning notices, issue liens, attach bank accounts, hold up the renewal of any license including Maryland driver's licenses, or offset vendor payments for Maryland taxes. Taxpayers receiving notices from the Comptroller's Office during the current COVID-19 crisis should contact the email address on the notice for additional information. Further, taxpayers who are currently on a payment plan for delinquent business and/or income taxes and are unable to make those payments due to the COVID-19 crisis should contact this office at the following to discuss delaying payments:

Business taxpayers: cdcollectionbizz@marylandtaxes.gov

Individual income tax taxpayer: COVID19@marylandtaxes.gov

To allow this Office to respond quickly to requests for delaying payments, Comptroller Franchot suggests that the following information is provided:

Individual Taxpayers: name, address, daytime phone number and the last four digits of the taxpayer's social security number;

Business Taxpayers: business name, contact name, daytime telephone number, central registration number (CR) or federal identification number (FEIN).

Extensions for Other Business Taxes

Electronic filing remains the most efficient way to file Maryland business tax returns. [bFile](#) allows you to file many business tax returns online for free.

Sale and use tax

Generally, sales and use tax returns are due on or before the 20th day of the month that follows the month in which a vendor made a retail sale⁴. The payment of sales and use tax must accompany the return⁵. The Comptroller may extend the time to file a sales and use tax return

⁴ TG § 11-502(a)(1)

⁵ TG § 11-601

for reasonable cause⁶. *The Comptroller is extending the time to file sales and use tax returns for sales taking place in February, March, April, and May of 2020 to July 15, 2020.* Sales and use tax returns, and their accompanying payments, may be submitted by July 15, 2020 without incurring interest or penalties.

Do not combine separate reporting periods into a single return. Instead, please file the separate returns reflecting the sales and the tax collected for each filing period as if they had been filed according to their original due dates.

Withholding

Generally, every employer must withhold estimated income tax from employees' wages and submit estimated payments to the Comptroller⁷. *The Comptroller is extending the time to make withholding payments to July 15, 2020.* Any withholding payments due for periods including February, March, April and May, 2020, may be submitted by July 15, 2020 without incurring interest or penalties.

Do not combine withholding for separate reporting periods into a single return. Instead, please file the separate returns reflecting the tax withheld for each filing period as if they had been filed according to their original due dates.

For information on employer withholding requirements for teleworking employees, please see Tax Alert 4-14-20B EMPLOYER WITHHOLDING REQUIREMENTS FOR TELEWORKING EMPLOYEES DURING THE COVID-19 EMERGENCY.

Admissions and amusement tax

The due date for returns and payments of admissions and amusement tax is usually the 10th day of the month that follows the month in which the person has gross receipts subject to the admission and amusement tax, and for other periods that the Comptroller specifies by regulation⁸. The payment must accompany the return⁹. The Comptroller is authorized to abate interest and late charges for cause shown. Abatements may be made by the Comptroller without a request if qualification can be determined on an automated basis¹⁰. *The Comptroller is extending the due date for admissions and amusements tax returns to July 15, 2020.*

Admissions and amusements returns and payments for gross receipts from February, March, April, May and June, 2020 may be submitted by July 15, 2020 without incurring interest or penalties.

Do not combine admissions and amusement tax for separate reporting periods into a single return. Instead, please file the separate returns reflecting the admissions and amusement tax collected for each filing period as if they had been filed according to their original due dates.

⁶ TG § 11-503

⁷ TG § 10-906

⁸ TG § 4-201

⁹ TG § 4-301

¹⁰ COMAR 03.06.03.03

Alcohol taxes

A person who holds a Class E, F, or G alcoholic beverage license must file an alcoholic beverage tax return by the 25th day of the month following the month the person sells any alcoholic beverage¹¹. Manufacturer and wholesaler returns are generally due by the 10th day of the month that follows the month the manufacturer or wholesaler sells an alcoholic product¹². Resident and nonresident dealers' returns are due by the 15th day of the month following a month in which a nonresident dealer delivers beer into the state¹³. Direct wine shippers must file alcoholic beverage returns quarterly¹⁴. Payment of the alcoholic beverage tax, in the manner prescribed by the Comptroller, must accompany the return¹⁵. ***The Comptroller is extending the due date for alcohol tax returns and payments to July 15, 2020.*** Alcohol tax returns (both those that include payments and those that do not include payments) covering sales in February, March, April, May and June, 2020, may be submitted by July 15, 2020, without incurring interest or penalties.

Beer taxes must be prepaid¹⁶. However, the Comptroller may increase or decrease the amount of prepayment¹⁷. ***The Comptroller is extending the due date for beer tax payment to July 15, 2020.*** Beer tax payments may be submitted by July 15, 2020 without incurring interest or penalties.

Tobacco taxes

In general, manufacturers' tobacco tax returns and payments are due by the 15th of each month, reporting the previous month's activity¹⁸. Manufacturers must submit payment with the return¹⁹. ***The Comptroller is extending the due date for tobacco tax returns and payments to July 15, 2020.*** Manufacturers' returns for activity from February, March, April and May, 2020 may be submitted by July 15, 2020 without incurring interest or penalties.

Do not combine tobacco tax for separate reporting periods into a single return. Instead, please file the separate returns reflecting the tobacco tax remitted for each filing period as if they had been filed according to their original due dates.

Cigarette and other tobacco products wholesalers' returns and payments are due by the 21st of the month that follows the month in which the wholesaler took possession of the product²⁰. ***The Comptroller is extending the due date for cigarette and other tobacco products wholesalers' returns and payments to July 15, 2020.*** Returns and payments for products to which wholesalers took possession in February, March, April, and May, 2020, may be submitted by July 15, 2020 without incurring interest or penalties.

¹¹ TG § 5-201(a)(1)

¹² TG § 5-2-1(b)(1)(i)

¹³ TG § 5-201(c)(1), (e)

¹⁴ TG § 5-201(d)

¹⁵ TG § 5-301

¹⁶ COMAR 03.02.01.01.A.(3)

¹⁷ COMAR 03.02.01.01.B(4)

¹⁸ COMAR 03.02.04.01.B(1)

¹⁹ TG § 12-302(a)

²⁰ TG § 12-202(a)

Wholesalers who first possess in the state unstamped cigarettes must pay the tax by buying and affixing tax stamps²¹. Wholesalers must continue to purchase and affix tax stamps to products that will be sold; wholesalers may not sell unstamped cigarettes.

Licensed retailers and tobacconists must file returns with payment quarterly for tax liabilities in the preceding quarter²². Generally, liabilities incurred between October 21 and January 21 are due by April 21. ***The Comptroller is extending the due date for returns and payments for licensed retailers and tobacconists to July 15, 2020.*** Returns and payments may be submitted by July 15, 2020 without incurring interest or penalties.

Motor carrier and motor fuel taxes

The Comptroller is extending the due date for motor carrier and motor fuel tax returns and payments to July 15, 2020. Motor carrier and motor fuel tax returns and payments otherwise due in March, April, May, or June, 2020, may be submitted no later than July 15, 2020, without incurring interest or penalties²³.

Do not combine motor carrier or motor fuel for separate reporting periods into a single return. Instead, please file the separate returns reflecting the tax for each filing period as if they had been filed according to their original due dates.

Tire recycling and Bay restoration fees

Tire recycling reports and fees are submitted semi-annually in January and July. As such, no change to the tire recycling reports and fees due date will be made at this time.

The Comptroller is extending the due date for Bay restoration fees to July 15, 2020. Bay restoration fees due on April 20th for the period January - March 2020 may be paid no later than July 15, 2020 without incurring interest or penalties.

Unclaimed Property Reporting for Insurance Companies

Unclaimed property reports and payments for insurance companies for each calendar year are due by April 30th of the following year²⁴.

The deadline to report and pay unclaimed property for insurance companies for calendar year 2019 is extended to July 31, 2020. Companies should continue to report the unclaimed property amounts and make payment at the same time.

²¹ TG § 12-302(b)

²² TG § 12-302(d)

²³ TG § 9-207(a)

²⁴ CLA § 17-310(d)