

Chapter 729

(House Bill 455)

AN ACT concerning

Comptroller – Electronic Tax and Fee Return Filing Requirements

FOR the purpose of requiring that returns for certain taxes and fees collected by the Comptroller be filed electronically, subject to certain exceptions; altering certain requirements for electronic filing of returns for certain taxes; prohibiting a certain tax return preparer or software company from charging a separate fee for the electronic filing of certain tax documents; prohibiting a software company from selling different versions of the same tax software under certain circumstances; and generally relating to electronic filing of tax and fee returns.

BY repealing and reenacting, with amendments,

Article – Environment

Section 9–228(g)(4) and 9–1605.2(e)(1)

Annotated Code of Maryland

(2014 Replacement Volume and 2023 Supplement)

BY adding toArticle – Tax – GeneralSection 1–208, 2–118, 5–201(f), 7.5–201(d), 9–308(e), 10–809.1, 10–812.1, 10–819.1, 11–502.2, and 12–202.1Annotated Code of Maryland(2022 Replacement Volume and 2023 Supplement)

BY repealing and reenacting, with amendments,

Article – Tax – General

Section 4–201, 10–817, and 10–824

Annotated Code of Maryland

(2022 Replacement Volume and 2023 Supplement)

BY repealing

Article – Tax – General

Section 5–201(f) and 9–308(e)

Annotated Code of Maryland

(2022 Replacement Volume and 2023 Supplement)

~~BY adding to~~~~Article – Tax – General~~~~Section 5–201(f), 7.5–201(d), 9–207(e), 9–308(e), 10–809.1, 10–812.1, 10–819.1, 11–502.2, and 12–202.1~~~~Annotated Code of Maryland~~~~(2022 Replacement Volume and 2023 Supplement)~~

SECTION 1. BE IT ENACTED BY THE GENERAL ASSEMBLY OF MARYLAND,
That the Laws of Maryland read as follows:

Article – Environment

9–228.

(g) (4) **(I)** Each tire dealer shall:

[(i)] 1. Pay the tire recycling fee; and

[(ii)] 2. Complete and submit, under oath, a return and remit the fees to the Comptroller of the Treasury on or before the 21st day of the month that follows the month in which the sale was made, and for other periods and on other dates that the Comptroller specifies by regulation, including periods for which no fees were due.

(II) ~~BEGINNING IN CALENDAR YEAR 2026~~ FOR PERIODS BEGINNING AFTER DECEMBER 31, 2026, A PERSON SHALL FILE A TIRE RECYCLING FEE RETURN ELECTRONICALLY.

9–1605.2.

(e) (1) **(I)** A local government, the billing authority for a water or wastewater facility, or any other authorized collecting agency shall complete and submit, under oath, a return and remit the restoration fees collected to the Comptroller:

[(i)] 1. On or before the 20th day of the month that follows the calendar quarter in which the restoration fee was collected; and

[(ii)] 2. For other periods and on other dates that the Comptroller may specify by regulation, including periods in which no restoration fee has been collected.

(II) ~~BEGINNING IN CALENDAR YEAR 2026~~ FOR PERIODS BEGINNING AFTER DECEMBER 31, 2026, A PERSON SHALL FILE A BAY RESTORATION FEE RETURN ELECTRONICALLY.

SECTION 2. AND BE IT FURTHER ENACTED, That the Laws of Maryland read as follows:

Article – Tax – General

1–208.

(A) (1) IN THIS SECTION THE FOLLOWING WORDS HAVE THE MEANINGS INDICATED.

(2) "AUTHORIZED TAX DOCUMENT" MEANS A TAX DOCUMENT THAT THE COMPTROLLER HAS AUTHORIZED OR REQUIRES TO BE FILED ELECTRONICALLY.

(3) "SOFTWARE COMPANY" MEANS A DEVELOPER OF TAX SOFTWARE.

(4) "TAX" MEANS A TAX OR ANY OTHER MATTER ADMINISTERED BY THE COMPTROLLER IN ACCORDANCE WITH THIS ARTICLE OR ANY OTHER PROVISION OF LAW.

(5) "TAX DOCUMENT" MEANS A RETURN, A REPORT, OR ANY OTHER DOCUMENT RELATING TO A TAX.

(6) (I) "TAX RETURN PREPARER" MEANS A PERSON WHO PREPARES FOR COMPENSATION, OR WHO EMPLOYS OR ENGAGES ONE OR MORE PERSONS TO PREPARE FOR COMPENSATION, AN AUTHORIZED TAX DOCUMENT.

(II) "TAX RETURN PREPARER" INCLUDES A PAYROLL SERVICE.

(7) (I) "TAX SOFTWARE" MEANS A COMPUTER SOFTWARE PROGRAM INTENDED FOR TAX RETURN PREPARATION PURPOSES.

(II) "TAX SOFTWARE" INCLUDES AN OFF-THE-SHELF SOFTWARE PROGRAM LOADED ONTO A TAX RETURN PREPARER'S OR TAXPAYER'S COMPUTER OR AN ONLINE TAX PREPARATION APPLICATION.

(B) (1) A TAX RETURN PREPARER OR A SOFTWARE COMPANY MAY NOT CHARGE A SEPARATE FEE FOR THE ELECTRONIC FILING OF AUTHORIZED TAX DOCUMENTS.

(2) A SOFTWARE COMPANY MAY NOT SELL A VERSION OF THE COMPANY'S TAX SOFTWARE THAT CHARGES A SEPARATE FEE FOR THE ELECTRONIC FILING OF AUTHORIZED TAX DOCUMENTS AND A VERSION OF THE SAME TAX SOFTWARE THAT DOES NOT CHARGE THE SEPARATE FEE.

(C) (1) THE COMPTROLLER SHALL IMPOSE AGAINST A TAX RETURN PREPARER OR SOFTWARE COMPANY THAT VIOLATES THIS SECTION A CIVIL PENALTY OF:

(I) \$500 FOR A FIRST VIOLATION; OR

(II) \$1,000 FOR A SECOND OR SUBSEQUENT VIOLATION.

(2) FOR THE PURPOSES OF THIS SUBSECTION, EACH TRANSACTION IN WHICH A CUSTOMER IS CHARGED A PROHIBITED FEE OR EACH SALE TO A CUSTOMER OF TAX SOFTWARE THAT CHARGES A PROHIBITED FEE IS AN INDEPENDENT VIOLATION.

(3) BEFORE A CIVIL PENALTY IS IMPOSED UNDER THIS SUBSECTION, THE COMPTROLLER SHALL PROVIDE TO THE PERSON AGAINST WHOM THE CIVIL PENALTY WILL BE IMPOSED NOTICE OF THE ALLEGED VIOLATION AND AN OPPORTUNITY FOR A HEARING.

(4) A PERSON AGAINST WHOM A CIVIL PENALTY IS IMPOSED UNDER THIS SUBSECTION MAY SEEK REVIEW OF THE PENALTY UNDER TITLE 10, SUBTITLE 2 OF THE STATE GOVERNMENT ARTICLE.

(5) EACH CIVIL PENALTY SHALL BE PAID INTO THE GENERAL FUND OF THE STATE.

SECTION 3. AND BE IT FURTHER ENACTED, That the Laws of Maryland read as follows:

Article – Tax – General

2–118.

NOTWITHSTANDING ANY OTHER PROVISION OF LAW, A PERSON IS NOT REQUIRED TO FILE A RETURN, SCHEDULE, OR REPORT WITH THE COMPTROLLER ELECTRONICALLY IF:

(1) THE PERSON HAS A DISABILITY, AS DEFINED IN THE AMERICANS WITH DISABILITIES ACT;

(2) THE PERSON HAS RELIGIOUS BELIEFS THAT PROHIBIT THE PERSON’S USE OF ELECTRONIC FILING TECHNOLOGY; OR

(3) THE PERSON IS DETERMINED BY THE COMPTROLLER TO HAVE A SPECIAL NEED TO FILE A PAPER RETURN, SCHEDULE, OR REPORT.

4–201.

(A) A person shall complete, under oath, and file with the Comptroller the admissions and amusement tax return:

(1) on or before the 10th day of the month that follows the month in which the person has gross receipts subject to the admissions and amusement tax; and

(2) for other periods and on other dates that the Comptroller specifies by regulation, including periods in which the person has no gross receipts subject to the tax.

(B) ~~BEGINNING IN CALENDAR YEAR 2026~~ FOR PERIODS BEGINNING AFTER DECEMBER 31, 2026, A PERSON SHALL FILE THE ADMISSIONS AND AMUSEMENT TAX RETURN ELECTRONICALLY.

5-201.

[(f) On or before January 1, 2018, the Comptroller shall develop and implement procedures for the electronic filing of the alcoholic beverage tax returns required to be filed under this section.]

(F) ~~BEGINNING IN CALENDAR YEAR 2026~~ FOR PERIODS BEGINNING AFTER DECEMBER 31, 2026, A PERSON SHALL FILE AN ALCOHOLIC BEVERAGE TAX RETURN ELECTRONICALLY.

7.5-201.

(D) ~~BEGINNING IN CALENDAR YEAR 2026~~ FOR PERIODS BEGINNING AFTER DECEMBER 31, 2026, A PERSON SHALL FILE A DIGITAL ADVERTISING GROSS REVENUES TAX RETURN ELECTRONICALLY.

~~9-207.~~

~~(C) BEGINNING IN CALENDAR YEAR 2026, A PERSON SHALL FILE A MOTOR CARRIER TAX RETURN ELECTRONICALLY.~~

9-308.

[(e) (1) The Comptroller by regulation may require each person that is required to file a return under this section to file the return through electronic means.

(2) A regulation adopted under this subsection:

(i) shall include an exemption from electronic filing for persons that do not have access to means of transmitting data electronically; and

(ii) shall include provisions for the periodic affirmation and verification of the information that is submitted electronically.]

(E) ~~BEGINNING IN CALENDAR YEAR 2026~~ FOR PERIODS BEGINNING AFTER DECEMBER 31, 2026, A PERSON SHALL FILE A MOTOR FUEL TAX RETURN ELECTRONICALLY.

10-809.1.

(A) EXCEPT AS PROVIDED IN SUBSECTION (B) OF THIS SECTION, FOR A TAXABLE YEAR BEGINNING AFTER DECEMBER 31, 2029, AN INDIVIDUAL SHALL FILE AN INCOME TAX RETURN ELECTRONICALLY.

(B) AN INDIVIDUAL IS NOT REQUIRED TO FILE AN INCOME TAX RETURN ELECTRONICALLY IF THE INDIVIDUAL:

(1) IS AT LEAST 65 YEARS OLD AS OF DECEMBER 31 OF THE TAXABLE YEAR FOR WHICH THE RETURN IS BEING FILED;

(2) IS SINGLE OR A DEPENDENT TAXPAYER AND THE INDIVIDUAL'S MARYLAND ADJUSTED GROSS INCOME IS LESS THAN \$200,000;

(3) IS MARRIED FILING SEPARATELY, A HEAD OF HOUSEHOLD, OR A QUALIFYING WIDOW OR WIDOWER WITH A DEPENDENT CHILD AND THE MARYLAND ADJUSTED GROSS INCOME OF THE INDIVIDUAL IS LESS THAN \$400,000; OR

(4) IS MARRIED FILING JOINTLY AND THE MARYLAND ADJUSTED GROSS INCOME OF THE INDIVIDUAL AND THE INDIVIDUAL'S SPOUSE IS LESS THAN \$400,000; ~~OR~~

~~(5) HAS A DISABILITY AS DEFINED IN THE FEDERAL AMERICANS WITH DISABILITIES ACT.~~

10-812.1.

(A) EXCEPT AS PROVIDED IN SUBSECTION (B) OF THIS SECTION, FOR A TAXABLE YEAR BEGINNING AFTER DECEMBER 31, ~~2025~~ 2026, A CORPORATION SHALL FILE AN INCOME TAX RETURN ELECTRONICALLY.

(B) A CORPORATION WITH FEWER THAN 15 EMPLOYEES IS NOT REQUIRED TO FILE AN INCOME TAX RETURN ELECTRONICALLY.

10-817.

(A) A person required to withhold income tax under § 10-906 of this title shall file an income tax withholding return.

(B) FOR A TAXABLE YEAR BEGINNING AFTER DECEMBER 31, ~~2025~~ 2026, A PERSON SHALL FILE AN INCOME TAX WITHHOLDING RETURN ELECTRONICALLY.

10-819.1.

(A) IN THIS SECTION, “PASS-THROUGH ENTITY” HAS THE MEANING STATED IN § 10-102.1 OF THIS TITLE.

(B) FOR A TAXABLE YEAR BEGINNING AFTER DECEMBER 31, ~~2025~~ 2026, A PASS-THROUGH ENTITY SHALL FILE AN INCOME TAX RETURN ELECTRONICALLY.

10-824.

(a) (1) In this section the following words have the meanings indicated.

(2) (i) “Income tax return preparer” means a person who for compensation prepares a substantial portion or more of a qualified return or employs one or more persons to prepare for compensation a substantial portion or more of a qualified return.

(ii) “Income tax return preparer” does not include a person who merely performs those acts described under § 7701(a)(36)(B) of the Internal Revenue Code.

(3) “Qualified return” means any original return of individual income tax imposed by this title, regardless of whether a tax is due or a refund is claimed.

(b) [Except] **SUBJECT TO § 10-809.1 OF THIS SUBTITLE AND EXCEPT** as otherwise provided in this section, an income tax return preparer shall file all qualified returns that the income tax return preparer prepares by electronic means as prescribed by the Comptroller if[

(1) for a taxable year beginning after December 31, 2008, but before January 1, 2010, the income tax return preparer has prepared more than 300 qualified returns in the prior taxable year;

(2) for a taxable year beginning after December 31, 2009, but before January 1, 2011, the income tax return preparer has prepared more than 200 qualified returns in the prior taxable year; and

(3) for any taxable year beginning after December 31, 2010,] the income tax return preparer has prepared more than 100 qualified tax returns in the prior taxable year.

(c) [Subsection] **SUBJECT TO § 10-809.1 OF THIS SUBTITLE, SUBSECTION (b)** of this section does not apply to a qualified return if:

(1) the taxpayer has indicated on the qualified return that the taxpayer does not want the return filed by electronic means; or

(2) the income tax return preparer preparing the qualified return has requested and received a waiver from the Comptroller.

(d) [On] **SUBJECT TO § 10-809.1 OF THIS SUBTITLE, ON** written request for a waiver by an income tax return preparer who is subject to subsection (b) of this section, the Comptroller may grant the income tax return preparer a waiver of the requirements of this section if the income tax return preparer is able to establish to the satisfaction of the Comptroller either reasonable cause for not filing the return by electronic means or that there is no feasible means of filing the return by electronic means without undue hardship.

11-502.2.

~~BEGINNING IN CALENDAR YEAR 2026~~ **FOR PERIODS BEGINNING AFTER DECEMBER 31, 2026,** A PERSON SHALL FILE A SALES AND USE TAX RETURN ELECTRONICALLY.

12-202.1.

~~BEGINNING IN CALENDAR YEAR 2026~~ **FOR PERIODS BEGINNING AFTER DECEMBER 31, 2026,** A PERSON SHALL FILE A TOBACCO TAX RETURN ELECTRONICALLY.

SECTION 4. AND BE IT FURTHER ENACTED, That Section 2 of this Act shall take effect January 1, 2030.

SECTION ~~2~~ 5. AND BE IT FURTHER ENACTED, That, except as provided in Section 4 of this Act, this Act shall take effect July 1, 2024.

Approved by the Governor, May 16, 2024.