Sales and Use Tax Exemptions

- Tangible personal property, used in a production activity, which is not installed so that it becomes real property
- Property used/consumed for various research and development purposes
- Geothermal or solar energy equipment
- Agricultural purposes and products
  - Sales of various items for an agricultural purpose
  - Sales of agricultural products by a farmer except for items commonly sold by a nursery
- Food
  - Food for off premise consumption by substantial grocery business
  - Crabs for off premise consumption
  - Snack food through vending machines
  - Various “health” foods through vending machines
- Various medicines, medicinal supplies, medical records, health and physical aids, and hygienic aids
- Mining purpose
  - Wood products for use in a mine
  - Diesel fuel for use in reclamation of land which had been mined for coal
- Printing use and publications
  - Various photographic materials used in production of another item
  - Direct mail advertising to be distributed outside the State
- Various products used in the harvesting of seafood, and fuel or repair parts for commercial fishing vessels
- Services
  - Personal, professional, or insurance services
  - Custom computer software services
  - Optional computer software maintenance contracts
- Deliverable end item testing equipment used to perform a contract for the United States Department of Defense
- Computer programs intended to be reproduced for sale or incorporated into another computer program which is intended for sale
- Appliances meeting certain efficiency requirements
  - Certain “Energy Star products” will be tax free for one weekend in 2011
- Property or service used directly in film production activity
- Certain clothing and footwear sold during a seven day period in August
- Electricity, fuel, or other utility used to produce snow for commercial purposes
- Laundering, maintaining, or preparing textile products for rental
- Equipment used to manufacture bakery goods for resale if cost at least $2,000 and operate a substantial grocery
Streamlined Sales Tax

Background
- Created in 2000 and administered by the Streamlined Sales Tax Governing Board
- Agreement among participating states and volunteer taxpayers intended to provide consistency and simplicity in the collection of sales and use taxes
- Currently 20 states are full members and 3 are associate members
- Maryland has a statute which acknowledges the Streamlined Sales and Use Tax Agreement (SSUTA)
  - The statute also directs the Comptroller to prepare legislation required to adopt the agreement once Congress enacts legislation requiring remote sellers to collect and remit sales and use taxes

Characteristics
- Standardizes definitions which differ, some significantly, from state to state (Food/Candy)
- Does not allow caps or thresholds in application of rates or exemptions
- Applies rounding rule in calculation of tax owed vs. bracket method
- Limits municipalities to only tax items which the state taxes
  - Fuels
  - Utilities
  - Space Rentals
- Applies destination based sourcing vs. origin based sourcing
- Requires sellers to use either Certified Automated System (CAS) or Certified Service Providers (CSP)
  - CAS- Software which calculates the tax imposed in each jurisdiction and determines the amount of remittance by state
  - CSP- Acts as an agent for the seller, performing all sales and use tax functions

Streamlined State Status 10-01-09

Source: Streamlined Sales Tax Governing Board, Inc.