

Sales/Use/Indirect:

Maryland Comptroller Explains New Law Taxing Digital Products and Says that SaaS is Taxable

Business Tax Tip #29 Sales of Digital Products and Digital Code, Md. Comptroller (3/21). Following Maryland's recent enactment of a new law that subjects certain defined "digital products" to Maryland sales and use tax, including streaming and downloads [see H.B. 932 (2021), and *State Tax Matters*, Issue 2021-7, for more details on this new law], the Maryland Comptroller issued administrative guidance providing that pursuant to this new law, effective March 14, 2021, the sale of canned or "commercial off-the-shelf" software if obtained electronically by the buyer is considered a "digital product" subject to Maryland's sales and use tax. According to this guidance, the sale of software as a service (SaaS) is also subject to Maryland's sales and use tax under this new law. Other topics addressed in this administrative guidance include related definitions, exemptions and exclusions, services performed electronically, marketplace facilitators, nexus, and sourcing sales of digital products and codes. Please contact us with any questions.

URL: https://www.marylandtaxes.gov/forms/Business_Tax_Tips/bustip29.pdf

URL: <http://mgaleg.maryland.gov/mgawebsite/Legislation/Details/HB0932?ys=2020RS>

URL: https://dhub.blob.core.windows.net/dhub/Newsletters/Tax/2021/STM/210219_11.html

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