

## Sales/Use/Indirect:

### Maryland: New Law Amends Definition of Taxable Digital Products to Provide More Exclusions

*H.B. 791, became law w/o governor's signature (pursuant to letter dated May 27, 2022); Cross-filed S.B. 723, became law w/o governor's signature (pursuant to letter dated May 27, 2022).* Following Maryland's 2021 enactment of legislation that subjects certain defined "digital products" to Maryland sales and use tax [see H.B. 932 (2020), and *State Tax Matters*, Issue 2021-7, for more details on this new law], as well as subsequently enacted legislation in 2021 that includes some taxable "digital product" carveouts [see S.B. 787 (2021), and previously issued Multistate Tax Alert for more details on these law changes], 2022 legislation that is set to take effect on July 1, 2022, amends the definition of digital products by including some additional examples of items that do *not* constitute taxable digital products. Under the 2022 legislation, the following do *not* constitute digital products:

URL: <https://governor.maryland.gov/wp-content/uploads/2022/05/EWS-House-Bills-2022-1.pdf>

URL: <https://governor.maryland.gov/wp-content/uploads/2022/05/EWS-Senate-Bills-2022-1-2.pdf>

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

URL: [https://dhub.blob.core.windows.net/dhub/Newsletters/Tax/2021/STM/210219\\_11.html](https://dhub.blob.core.windows.net/dhub/Newsletters/Tax/2021/STM/210219_11.html)

URL: <http://mgaleg.maryland.gov/mgaweb/Legislation/Details/sb0787?ys=2021RS>

URL: <https://www2.deloitte.com/content/dam/Deloitte/us/Documents/Tax/us-mta-maryland-enacts-emergency-bill-addressing-taxation-of-digital-advertising-and-digital-products.pdf>

- A product having electrical, digital, magnetic, wireless, optical, electromagnetic, or similar capabilities where the purchaser holds a copyright or other intellectual property interest in the product, in whole or in part, if the purchaser uses the product solely for commercial purposes, including advertising or other marketing activities; or
- Computer software or software as a service (SaaS) purchased or licensed solely for commercial purposes in an enterprise computer system, including operating programs or application software for the exclusive use of the enterprise software system, that is housed or maintained by the purchaser or on a cloud server, whether hosted by the purchaser, the software vendor, or a third party.

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