

## Other/Miscellaneous:

### Maryland Circuit Court Strikes Down Novel Gross Receipts Tax on Digital Advertising Services

On October 17, 2022, during a motion for summary judgment hearing, the Anne Arundel County Circuit Court (Court) ruled from the bench that Maryland's novel tax on digital advertising services [see H.B. 732 (2021) and previously issued Multistate Tax Alert for more details on this new tax, as well as S.B. 787 (2021) and previously issued Multistate Tax Alert, for details on subsequently enacted legislation that pushed the start date of the new digital advertising tax to 2022], violates the US Constitution and federal Internet Tax Freedom Act (ITFA). The Court found that the tax violates the Commerce Clause by determining the tax rate based on a taxpayer's total worldwide revenues, rather than just revenues in Maryland derived from digital advertising. The Court also found that the tax violates the First Amendment and is discriminatory against electronic commerce in violation of the ITFA as digital advertising akin to traditional advertising (and Maryland does not tax traditional advertising).

**URL:** <http://mgaleg.maryland.gov/mgawebsite/Legislation/Details/hb0732/?ys=2020rs>

**URL:** <https://www2.deloitte.com/content/dam/Deloitte/us/Documents/Tax/us-tax-maryland-enacts-tax-on-digital-advertising-services.pdf>

**URL:** <http://mgaleg.maryland.gov/mgawebsite/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>

See recently issued Multistate Tax Alert for more details on this ruling, and please contact us with any questions.

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