

Administrative:

Maryland Supreme Court Says Agency Deference Means Comptroller's Interpretation, Not Tax Court's

Case No. 7/22, Md. (12/19/22). In a case involving whether a limited liability company was entitled to a personal income tax refund on quarterly estimated tax payments made for its nonresident members when it ultimately filed a zero-liability state income tax return, the Maryland Supreme Court (formerly known as the Maryland Court of Appeals) held:

URL: <https://www.courts.state.md.us/data/opinions/coa/2022/7a22.pdf>

1. The limited liability company was entitled to a refund of the estimated tax payments at issue; and
2. In connection with judicial review of a Maryland Tax Court decision in which a party alleges an error of law, where the reviewing court determines that it is appropriate to give a degree of deference to an agency's interpretation of tax laws, the agency to whom deference is owed is the Maryland Comptroller of the Treasury, as the agency responsible for administering the tax laws and promulgating regulations for that purpose, rather than the Maryland Tax Court.

The Maryland Supreme Court also held that to the extent prior cases have stated or suggested that the reviewing court owes deference to the Maryland Tax Court in the interpretation of tax laws that it "administers," and regulations promulgated in connection with its administration of the tax laws, "we overrule this language." Please contact us with any questions.

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