

Other/Miscellaneous:

Maryland Supreme Court Vacates Decision Invalidating Gross Receipts Tax on Digital Ad Services

Case No. SCM-REG-0032-2022, Md. (unsigned order 5/9/23). Upon its review of the Anne Arundel County Circuit Court's ("Circuit Court") 2022 decision [see previously issued Multistate Tax Alert for more details on this 2022 decision] 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 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 digital advertising tax to 2022] violates the US Constitution and federal Internet Tax Freedom Act (ITFA), the Maryland Supreme Court ("Court") held "for reasons to be stated later in an opinion to be filed" that the Circuit Court lacked jurisdiction over the action because those challenging the tax failed to exhaust their administrative remedies. Accordingly, the Court vacated the Circuit Court's underlying 2022 rulings and remanded the case to the Circuit Court with directions to dismiss the action. Please contact us with any questions.

URL: <https://www2.deloitte.com/content/dam/Deloitte/us/Documents/Tax/us-tax-multistate-tax-maryland-circuit-court-strikes-down-tax-on-digital-advertising-services.pdf>

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>

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