

Bulletin



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1-07

2007 Changes in the Sales and Use Tax Law and the Admissions and Amusement Tax Law

The 2007 Maryland General Assembly did not enact any changes in the Sales and Use Tax Law or the Admissions and Amusement Tax Law, but House Bill 1143 repealed the withholding of 3 percent of payments made to nonresident contractors, and the requirement that nonresident contractors obtain sales tax clearance certificates, effective July 1, 2007 for contracts entered into on or after July 1, 2007.

HB 1143 – Nonresident contractors: The General Assembly has repealed Section 13-803 of the Tax-General Article. Section 13-803 had required withholding of 3 percent of payments made to nonresident contractors until the Comptroller's Office had certified that the nonresident contractor had no outstanding withholding and sales and use tax liabilities, and had certified that the nonresident contractor had properly paid Maryland sales and use tax on all materials used in the building project. Effective July 1, 2007, for contracts entered into on or after July 1, 2007, nonresident contractors are no longer subject to the 3 percent withholding, and are no longer required to obtain the tax clearance certificates from the Comptroller's Office.

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