



## Sales and Use Tax Updates 2026 - 2027

This publication addresses legislation affecting Maryland sales and use tax enacted during the 2026 regular session of the Maryland General Assembly and legislation requiring electronic filing of certain business tax returns enacted during the 2024 regular session that is effective for periods beginning after December 31, 2026.

### **I. Data Services, Information Technology Services, and Software Publishing Services – Multiple Points of Use Certificates**

Chapters 197 and 198 of the Acts of 2026, effective January 1, 2027, alter provisions of the Maryland sales and use tax related to multiple points of use (MPU) certificates. A buyer that obtains authorization from the Comptroller may issue MPU certificates. This authorization is subject to renewal every two years. A separate MPU certificate must be issued in the form and manner required by the Comptroller for each vendor from which the buyer intends to make purchases subject to an MPU certificate. A vendor who receives an MPU certificate must verify its authenticity in the manner prescribed by the Comptroller – currently the MPU Certificate Verification tool available online at [MDTaxConnect.gov](https://MDTaxConnect.gov). An MPU certificate remains in effect for all future purchases from the vendor until the authorized buyer rescinds it or the vendor receives notice, or otherwise knows or should know, that the buyer's authorization to issue MPU certificates has been revoked.

When a buyer who has provided a vendor with an MPU certificate reasonably anticipates that a specific purchase from that vendor will be used in Maryland and not outside the State, the buyer must notify the vendor that the sale is not subject to the MPU certificate and pay the applicable sales and use tax on that purchase to the vendor at the time of sale. This legislation did not alter any of the requirements of the authorized buyer, for each sale, to use any reasonable but consistent and uniform method of apportionment that is supported by the buyer's records as they exist at the

time of the sale and accurately reflects the primary use location in the State, and to report and remit the use tax.

## **II. Sales and Use Tax Exemption for Sales of Data Services, Information Technology Services, Software Publishing Services, Digital Codes, and Digital Products Between Members of an Affiliated Group**

Section 3 of Chapters 351 and 352 of the Acts of 2026, effective July 1, 2026, among other things, creates a new sales and use tax exemption. A sale of data services or information technology services that is described under North American Industry Classification System (NAICS) sectors 518 or 519 or subsector 5415, a sale of software publishing services described under NAICS subsector 5132, or a sale of a digital product or a digital code is exempt from the sales and use tax if both the vendor and the buyer are members of the same affiliated group. “Affiliated group” has the meaning stated under § 1504 of the Internal Revenue Code and includes related parties described under § 267(b)(10), (11), or (12) of the Internal Revenue Code.

## **III. Sales and Use Tax Exemption for Sales at Book Fairs at Elementary and Secondary Schools**

Chapters 185 and 186 of the Acts of 2026, effective July 1, 2026, exempts a sale made by an elementary or secondary school in Maryland, or by a nonprofit parent-teacher organization (PTO) or other nonprofit organization within an elementary or secondary school in Maryland from the sales and use tax if the sale is made at an in-person book fair on the premises of the school. The net proceeds of the sale must be used solely for the educational benefit of the school or its students. A sale in which the elementary or secondary school or nonprofit PTO or nonprofit organization in the school partners with a third-party vendor, by agreement or contract, to participate in a book fair for a percentage of the gross receipts is included in the exemption if students, teachers, school staff, or members of the nonprofit PTO or nonprofit organization within the school act as agents for the third-party vendor by managing the book fair.

## **IV. Sales and Use Tax Exemption for Precious Metal Bullion or Coins**

Chapter 730 of the Acts of 2026, effective July 1, 2026, amends the existing sales and use tax exemption to apply to all sales of precious metal bullion or coins with a sale price greater than \$1,000. Beginning July 1, 2026, the requirement that the sale take place at the Baltimore City Convention Center is repealed, and there is no longer a limit on the location of the sale in order for the exemption to apply.

#### **V. Sales and Use Tax Exemption for Construction Material or Warehousing Equipment in a Target Redevelopment Area in Washington County**

Under Chapter 731 of the Acts of 2026, effective July 1, 2026, a sale of construction material or warehousing equipment is exempt from the sales and use tax if the material or equipment is purchased by a person solely for use in a target redevelopment area in Washington County and the buyer provides the vendor with evidence of the exemption issued by the Comptroller. A target redevelopment area is defined to mean real property in Washington County that is commonly known as the Mount Aetna Technology Park and is located in an office, research, and industry zoning district. “Construction material” and “warehousing equipment” are defined in the legislation. A buyer must retain a record of an exempt purchase for at least 3 years after the date of sale, and must report to the Comptroller annually, on or before October 1, 2027, and each October 1 thereafter, the amount of sales and use tax that was not paid during the immediately preceding fiscal year (July 1 to June 30) as a result of the exemption. The law also imposes an annual reporting requirement on the Comptroller.

#### **VI. Authorization for Rounding in Certain Cash Transactions**

Chapter 730 of the Acts of 2026 authorizes a merchant to round either the price or the change to the nearest whole cent divisible by five in certain cash transactions and transactions where the customer does not pay with exact change. As an emergency measure, this legislation became effective upon signing by Governor Wes Moore on May 12, 2026. A merchant may round either the price or the change – but not both - to the nearest nickel in an in-person transaction where the customer does not pay with exact change, or a telephone, mail, or internet transaction where the customer pays in cash, and where the price is greater than \$0.05. If the price is less than \$0.05, the

merchant is authorized to round the price up to \$0.05 in these same transactions. Sales and use tax must be calculated on the taxable price of the goods or services being sold before any rounding is applied, as rounding is not permitted to affect the calculation of any tax or fee amount applicable to the sale.

For purposes of this legislation, price is determined after any discount or deduction is subtracted and after any tax or fee is applied. If a merchant does round, they must round down to the nearest cent divisible by five if the price or change ends in 1 cent, 2 cents, 6 cents, or 7 cents, and round up to the nearest cent divisible by five if the price or change ends in 3 cents, 4 cents, 8 cents, or 9 cents. For more information, see the Comptroller's May 2026 Tax Alert: Penny Shortage and Rounding Cash Transactions at [MarylandComptroller.gov](http://MarylandComptroller.gov).

## **VII. Study of Electricity Used for Agricultural Purposes**

Chapter 783 of the Acts of 2026, effective July 1, 2026, requires the Comptroller, in consultation with the Public Service Commission and PJM Interconnection, LLC, to study and report to the General Assembly by December 15, 2026, on exempting electricity from the sales and use tax if that electricity is purchased by a farmer to: raise livestock or poultry; prepare, irrigate, or tend the soil; or plant, service, harvest, store, clean, dry, or transport seeds or crops. Upon request of the Comptroller's Office, an electric company shall provide aggregate usage and billing information that the Comptroller determines is necessary to prepare the report.

## **VIII. Electronic Filing Required**

Chapter 729 of the Acts of 2024 requires taxpayers to file sales and use tax returns electronically for all periods beginning after December 31, 2026. Exceptions to the requirement to file returns electronically are permitted if a person required to file has a disability, as defined in the Americans with Disabilities Act, if the person has religious beliefs that prohibit the person's use of electronic filing technology, or if the Comptroller has determined a person has a special need to file a paper return, schedule or report. The same legislation also requires electronic filing of tax returns for the following tax

types for periods beginning after December 31, 2026: admissions and amusement tax, alcoholic beverages tax, Chesapeake Bay restoration fee, corporation income tax, digital advertising gross revenues tax, employer withholding tax, motor fuel tax, pass-through entity tax, tire recycling fee, and tobacco tax. To access your account or file online, go to [MDTaxConnect.gov](http://MDTaxConnect.gov).

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