



Business tax tip #64

A Guide to Business Licenses

Who needs a business license?

A State of Maryland business license is required for most businesses. Business activities that require licenses include, but are not limited to:

- Retailers and wholesalers (trader's license)
- Amusements
- Auctions
- Chain stores
- Construction
- Dry cleaners
- Garages
- Hawkers and peddlers
- Junk dealers
- Plumbers and gas fitters
- Restaurants
- Storage warehouses
- Vending machines
- Retail/vending businesses which sell cigarettes

How long is my business license valid?

The license year runs from May 1 through April 30 of the following year. Licenses are required to be renewed by May 1 of each year.

What is a trader's license?

A trader's license is required for selling goods and merchandise in Maryland and is applicable to both retailers and wholesalers. The fee for the trader's license is based on the value of the commercial inventory that a business reports on their personal property return which is filed with the Maryland Department of Assessments and Taxation ("SDAT").

Exemptions to the trader's license requirement exist for the following entities:

- Growers, makers or manufacturers of goods.
- Businesses that are determined by the IRS to be nonprofit 501(c)(3) status

- Private individuals who conduct a public sale of personal effects on their property, provided that no more than one sale is conducted for a period not to exceed 14 consecutive days.

Trader's licenses cannot be issued if a business:

- Fails to register the trade/corporate name with the SDAT.
- Fails to file a personal property return with SDAT.
- Fails to report commercial inventory on the personal property return.
- Has unpaid personal property taxes and/or unpaid late filing penalty.
- Has had their charter forfeited by SDAT.

Where do I obtain a business license?

State business licenses are obtained from the Clerks of the Circuit Court in the county where the business is located. You must contact the Clerk of the Court to obtain a business license application. A new business that is applying for a license for the first time must be registered with SDAT and must present the SDAT identification number to the Clerks of the Court.

Are there any other licenses and/or tax obligations that I must meet?

Most businesses that are required to be licensed will also have to fulfill other tax obligations to the state of Maryland. To help determine which type(s) of taxes for which your business may be liable, please visit the following webpage. You can register for a variety of Maryland tax and insurance accounts by completing a Combined Registration Application.

For information on completing the Combined Registration Application, please contact: Taxpayer Service at 1-800-MD TAXES (1-800-638-2937) or 410-260-7980.

Where can I get additional information about business licenses?

For more information about business licenses, contact:

State License Bureau
80 Calvert St, Room 310
LLG Treasury Building
Annapolis, MD 21404
Telephone: 410-260-6240 or 1-866-239-9359.
E-mail: lichelp@marylandtaxes.gov.

You can also find information about business licenses by visiting Maryland's Business Express.