

Electronic Tax and Fee Return Filing Requirements

HB455/SB677

An agency-wide modernization effort is underway in the Comptroller's Office that aims to improve the quality, transparency, and reliability of the services delivered to the public. HB455/SB677 supports this effort by establishing a gradual process to move all tax filings online. By creating a timeline with ample time for businesses and individuals to prepare to file online, and with adequate exemptions and safeguards built in, this bill will provide significant benefits to Maryland taxpayers.

What this bill does: HB455/SB677 sets a timeline for when all business tax filings and personal income taxes must be filed online. This bill allows for exemptions to the online filing requirement for small businesses and some individuals. Below is a brief summary of the phased implementation process and the specific exemptions:

1. All business fees and taxes will need to be filed online in calendar year 2026.
2. Personal income taxes will need to be filed online in calendar year 2030.
3. Exceptions to the online filing requirements include the following:
 - a. Age 65 or older
 - b. Single filers under \$200,000 or joint filers under \$400,000
 - c. Marylanders with disabilities
 - d. Small businesses with 15 or fewer full-time employees

Why this bill is important: The State of Maryland will see significant benefits from this bill.

- Taxpayers will see improved response times, better customer service, and will be able to access their taxes the same way most people pay their other bills – online.
- The Comptroller's Office will be able to better use agency resources, as we must pull regular employees away from normal duties and hire additional temporary contract workers to manually open and scan nearly one million returns and more than one million paper checks.
- Our compliance efforts will be improved as nearly all data will be digital allowing for quicker identification of scofflaws and those avoiding payments to the state.
- Taxpayers will face reduced risk from lost or stolen mail, as secure electronic payments are subject to lower instances of fraud and scams.
- The Comptroller's Office will be able to produce more accurate and timely reports and financial forecasts for the General Assembly, and state and local partners will enjoy more timely remittances of their portions of state revenues.
- Moving to all electronic filing is part of our commitment to reduce our carbon footprint by eliminating millions of sheets of paper and the energy used by deliveries.



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