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**By: Senators Kasemeyer, Hogan, and Munson**

Introduced and read first time: February 1, 1996

Assigned to: Budget and Taxation

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A BILL ENTITLED

1 AN ACT concerning

2 **Sales and Use Tax - Purchases for Resale - Cash Sales Under \$200**

3 FOR the purpose of altering the administration of the resale exemption under the sales  
4 and use tax for certain sales by repealing a certain limitation on the use of resale  
5 certificates; and generally relating to the alteration of the administration of the  
6 resale exemption under the sales and use tax.

7 BY repealing and reenacting, with amendments,  
8 Article - Tax - General  
9 Section 11-408 and 13-901(g)  
10 Annotated Code of Maryland  
11 (1988 Volume and 1995 Supplement)

12 SECTION 1. BE IT ENACTED BY THE GENERAL ASSEMBLY OF  
13 MARYLAND, That the Laws of Maryland read as follows:

14 **Article - Tax - General**

15 11-408.

16 (a) If a buyer is required under Subtitle 2 of this title or by regulation to provide  
17 a vendor with evidence of an exemption, the vendor may not recognize the exemption  
18 unless the buyer, before the sale is consummated, provides the vendor with:

19 (1) evidence that the buyer has an exemption certificate; or

20 (2) the evidence that the Comptroller requires by regulation.

21 (b) (1) Except as provided in paragraph (2) of this subsection, the duty of a  
22 vendor to collect the sales and use tax from a buyer is waived if the buyer provides the  
23 vendor with a signed resale certificate that:

24 (i) is in the form that the Comptroller requires by regulation;

25 (ii) states the name, address, and registration certificate number of the  
26 buyer; and

27 (iii) contains a statement to the effect that the tangible personal  
28 property or taxable service is bought for the purpose of resale.

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1 (2) [(i)] A vendor may not accept a resale certificate if the vendor knows or  
2 should know that the sale is not for the purpose of resale.

3 [(ii) A vendor may not accept a resale certificate for a cash, check, or  
4 credit card sale if:

5 1. the taxable price is less than \$200; and

6 2. the tangible personal property or taxable service is not  
7 delivered by the vendor directly to the buyer's retail place of business.]

8 (3) A vendor shall obtain a resale certificate from a buyer:

9 (i) before the sale is consummated; or

10 (ii) if the vendor receives a notice of the Comptroller's intent to assess  
11 sales and use tax for failure to obtain a proper resale certificate, within 60 days after the  
12 date on which the notice is mailed.

13 (4) If the vendor fails to obtain the resale certificate as required, the  
14 Comptroller's assessment under paragraph (3)(ii) of this subsection is final.

15 [(c) If the taxable price is less than \$200 for a cash, check, or credit card sale or  
16 sale for use that is not a retail sale and the tangible personal property or taxable service  
17 is not delivered by the vendor directly to the buyer's retail place of business:

18 (1) the sales and use tax shall be paid when the sale is made or when the use  
19 becomes taxable; and

20 (2) the buyer who pays the sales and use tax may file a claim for a refund  
21 with the Comptroller.]

22 13-901.

23 (g) A claim for refund of sales and use tax may be filed by a claimant who:

24 (1) pays the tax on a sale exempt under § 11-216 of this article;

25 (2) refunds the tax to a buyer in a cancelled or rescinded sale under §  
26 11-403(c) of this article; OR

27 (3) pays the tax in a cancelled or rescinded sale for which the vendor refuses  
28 to refund the tax as required under § 11-403(c) of this article; or

29 (4) pays the tax under § 11-408(c) of this article on a cash sale or sale for  
30 use that is not a retail sale].

31 SECTION 2. AND BE IT FURTHER ENACTED, That this Act shall take effect  
32 July 1, 1996.