

CHAPTER 513

(House Bill 378)

AN ACT concerning

Sales and Use Tax - Taxable Price - Communications Services

FOR the purpose of excluding from the taxable price subject to the sales and use tax certain charges for nontaxable services made in connection with a sale of a taxable communication service under certain circumstances; and generally relating to the sales and use taxation of certain communications services.

BY repealing and reenacting, with amendments,

Article - Tax - General

Section 11-101(j)(3)

Annotated Code of Maryland

(1997 Replacement Volume and 2001 Supplement)

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

Article - Tax - General

11-101.

(j) (3) "Taxable price" does not include:

(i) a charge that is made in connection with a sale and is stated as a separate item of the consideration for:

1. a delivery, freight, or other transportation service for delivery directly to the buyer by the vendor or by another person acting for the vendor, unless the transportation service is a taxable service;

2. a finance charge, interest, or similar charge for credit extended to the buyer;

3. a labor or service for application or installation;

4. a mandatory gratuity or service charge in the nature of a tip for serving food or beverage to a group of 10 or fewer individuals for consumption on the premises of the vendor;

5. a professional service;

6. a tax:

A. imposed by a county on the sale of coal, electricity, oil, nuclear fuel assemblies, steam, or artificial or natural gas;

B. imposed under § 3-302(a) of the Natural Resources Article, as a surcharge on electricity, and added to an electric bill;