

CHAPTER 776

(House Bill 978)

AN ACT concerning

~~Sales-Tax---Restaurant-Service-Charges~~
Sales and Use Taxes - Gratuity and Service Charges

FOR the purpose of excluding from the definition of "price", for sales and use tax purposes, certain ~~restaurant charges gratuity or service charges~~ on sales of food or beverages for human consumption.

BY adding to

Article 81 - Revenue and Taxes
 Section 324(i)(8) and 372(g)(8)
 Annotated Code of Maryland
 (1975 Replacement Volume and 1979 Supplement)

SECTION 1. BE IT ENACTED BY THE GENERAL ASSEMBLY OF MARYLAND, That section(s) of the Annotated Code of Maryland be repealed, amended, or enacted to read as follows:

Article 81 - Revenue and Taxes

324.

As used in this subtitle, the following terms shall mean or include:

(i) "Price" means the aggregate value in money of any thing or things paid or delivered, or promised to be paid or delivered by a purchaser to a vendor in the consummation and complete performance of a retail sale without any deduction therefrom on account of the cost of the property sold, cost of materials used, labor or service cost, or any other expense whatsoever. "Price" does not include the following:

~~(8)--AMOUNTS--PAID--BY--ANY--PURCHASER--OF--FOOD--FOR--HUMAN--CONSUMPTION--AS--A--MANDATORY--GRATUITY--OR--SERVICE--CHARGE--~~

(8) THE AMOUNT PAID BY ANY PURCHASER OF FOOD OR BEVERAGES FOR HUMAN CONSUMPTION ON THE PREMISES OF THE VENDOR AS A MANDATORY GRATUITY OR SERVICE CHARGE IN THE NATURE OF A TIP, UNLESS THE FOOD OR BEVERAGES ARE SERVED TO A GROUP OF MORE THAN TEN PERSONS, IF THE MANDATORY GRATUITY OR SERVICE CHARGE IS SEPARATELY STATED FROM THE CONSIDERATION RECEIVED FOR THE FOOD OR BEVERAGES TRANSFERRED IN THE RETAIL SALE.

372.