



If you have any questions regarding this alert, please contact any member of the State and Local Tax (SALT) working group listed below.

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## Maryland – Fall 2009 Tax Amnesty Program

The Maryland Comptroller will be offering a tax amnesty program during the period September 1, to October 30, 2009. The amnesty will provide for a waiver of most civil penalties and one-half of the interest that would otherwise have been due for failure to pay tax or file returns for individual income tax, corporate income tax, withholding tax, sales and use tax, and admissions and amusement tax.

To qualify for the amnesty program, a taxpayer must, during the amnesty period, file delinquent returns and either pay the tax due under the return or enter into an agreement with the Comptroller for the payment of the tax on terms and schedules established by the agreement. Details of the amnesty program are expected to be released by the Comptroller in mid-August.

## DC Cancels Sales Tax Holidays

As a result of the current poor revenue forecasts facing the City, the District of Columbia Office of Tax and Revenue has announced the cancellation of its program of sales tax holidays. The program has been in effect for the past eight years and was held twice each year - in August before the start of school and just after Thanksgiving. The program, similar to ones conducted by a number of states, exempted clothing, accessories, shoes and school supplies with costs of \$100 or less from the City's 5.75% sales tax.

## Internet Vendor Sales Tax Nexus – States Continue Aggressive Posture

In 2008, New York enacted its "Amazon Law" to require certain out of state internet vendors to collect New York sales tax on sales made over the internet into New York. The law requires out-of-state vendors that previously were not considered to have an adequate nexus with the state to collect sales tax on behalf of the state. The law dictates that adequate nexus may exist and collection is required when an on-line retailer agrees with independent in-state websites, known as affiliates, to place links on the affiliates' websites. The links direct customers to the retailer's website and the affiliate receives a commission when a buyer follows a link and makes a purchase. Such laws seek to overcome the federal Constitutional requirement that internet retailers such as Amazon.com, have a physical presence in a state in order for the state to be able to require that the internet vendor collect the state's sales tax on sales made into the state.

Other states that have been actively following the lead of New York in considering the adoption of "Amazon Laws" include California, Hawaii, North Carolina and Rhode Island. While the New York law has been upheld by a New York state court, challenges to such laws are expected to be ongoing.

The SALT working group, part of our **Tax and Wealth Planning** practice group, includes coverage of the following taxes:

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- Corporate Income & Franchise
- Individual Income
- Personal & Real Property
- Recordation & Transfer
- Sales & Use

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