



By Ronald M. Bolt, ESQ.

Are You Due a Refund?

Many Maryland condominium associations have recently discovered that they have been improperly charged sales and use tax by a utility provider. Please be aware that Maryland law exempts the sale of electricity, artificial or natural gas and other utilities for use in residential condominiums from the Maryland sales and use tax, see Section 11-207(a)(1) of the Tax-General Article of the Maryland Code. This law has been overlooked by numerous utility providers.

Accordingly, Maryland condominium associations and their managers should check the invoices from utility suppliers to make certain their associations are not being improperly charged sales and use tax.

... Maryland law exempts the sale of electricity, artificial or natural gas and other utilities for use in residential condominiums from the Maryland sales and use tax

If an association has been improperly charged, requests for refunds can be submitted to the Comptroller of the Treasury, Compliance Division, 301 West Preston St., Baltimore, MD 21201. A written application form is available. The Compliance Division asks that an itemization of the taxes paid be set forth on an Excel worksheet and submitted in electronic format. Copies of prior invoices, or other evidence that the taxes have been paid, will need to be compiled.

Please note that refunds will not be issued by the comptroller for taxes paid more than four years ago, see COMAR 03.06.03.05A(2). Thus, this is an issue that deserves immediate attention. There may be thousands of dollars at issue.

In addition to submitting a refund request, Maryland condominium associations should be sure to send a letter to the supplier confirming that the purchase is for a residential condominium and therefore exempt from the Maryland sales and use tax. Please note that the Compliance Division has explained that the exemption is not extended to residential condominiums in resort areas that are rented out.