COMPTROLLER of MARYLAND
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Summary of Sales and Use Tax Updates 2025-2026

July 1 marks the go-live date for several state tax changes from the 2025 legislative session. The Office of the Comptroller is charged with implementing new tax changes.

Over the past several months, the Comptroller's Office has been hard at work developing emergency regulations and helping to ensure Marylanders are aware of tax changes, including launching a new webpage with a variety of information and resources for individual and business taxpayers, tax preparers, and other key stakeholders.

We have also been sending regular updates to stakeholder groups and met with key business groups and associations, tax preparers, and others to ensure that they have opportunities to meet with our legal and tax experts and seek their guidance on the new tax laws. Presentation materials summarizing *all* tax updates for 2025, including changes to personal income tax brackets, the capital gains surtax, the 3% tax on certain digital services, and adjustments to the cannabis excise tax, have been posted online and shared with the public.

Data Services, Information Technology Services, and Software Publishing Services

Effective July 1, 2025, a 3% sales and use tax will be applied to certain digital and information technology services, including cloud computing, hosting, and custom software development. These services fall under NAICS sectors 518 and 519 and subsectors 5132 and 5415. A full list of the services described in NAICS sectors can be found by searching those sector codes at www.census.gov/naics.

New Exceptions for Data Services, Information Technology Services, and Software Publishing Services

Certain businesses, such as cybersecurity firms and qualified University of Maryland Discovery District tenants, are exempt.

Multiple Points of Use Certificate

The Comptroller's Office has issued Technical Bulletin 54: Multiple Points of Use Certificates (MPU) to provide guidance to buyers and vendors on the use of Multiple Points of Use Certificates in sales of data or information technology services, software publishing services, digital codes, or digital services, where the buyer knows, at the time of sale, that the purchase will be used concurrently both inside and outside of Maryland. A valid MPU Certificate presented by a buyer to a vendor will relieve the vendor of their obligation to collect Maryland sales and use tax on the sale and shift the burden to the buyer to pay the use tax on that portion of the sale allocated to use in Maryland.

Sales and Use Tax on Adult-Use Cannabis

As part of the 2025 Budget Reconciliation and Financing Act, (see pages 175-176) the sales and use tax rate on the sale of adult use cannabis increases from 9% to 12% beginning with fiscal year 2026, which begins July 1, 2025.

Please refer to Tax Alert Sales and Use Tax Updates 2025-2026 for the information about Sales and Use Tax Exemption Changes and Interest rate.

Emergency Regulations to Support Implementation

The Comptroller's Office has issued emergency regulations that clarify vendor thresholds, exemption procedures, and tax collection responsibilities. *Full regulations will be issued in the fall, which will include a public comment period and process that will allow business groups to provide input on the regulations.* Emergency Regulations Notice

What Small Businesses Should Do Now

- Identify taxable services: Review NAICS sectors and Technical Bulletin 56 Q&A. The bulletin has been updated on June 30 to include additional information, including new questions and answers regarding purchases by exempt organizations and a clarification of the use of multiple points of use certificates.
- Register or update licensing: Sign up for MD Tax Connect and ensure a Sales and Use Tax license is on file.
- Update billing systems: Adjust pricing and invoicing systems to implement the new tax where applicable.
- Stay informed: 2025 Tax Updates Webinar Presentation are a useful resource.
- Refer to Technical Bulletin 54: Multiple Points of Use Certificates (MPU) if applicable.

For additional Tax Information from the 2025 Legislative Session, visit our website.