



To Lead, Advocate and Connect as the Voice of Business

Senate Bill 945: Sales and Use Tax - Taxable Services - Telephone Answering Service

Budget and Tax

March 13, 2019

SUPPORT

Senate Bill 945 modernizes the definitions used in the Tax Code that apply to “telephone answering services.” Specifically, it establishes that the service is taxable under the sales and use tax only if the service consists exclusively of answering a telephone in a certain manner and transmitting messages to the customer.

The Maryland States Sales and use Tax Division is attempting to apply a tax based on a 1952 enacted tax law that covers “Answering Services”. When created, these services consisted of switchboards, operators and message taking. The outdated code casts too wide a net and negatively impacts businesses offering virtual office space and their clients. The bread and butter of such industries is providing its Maryland consumers/small businesses with virtual staffing and actual office solutions. Keeping them in Maryland is vital to Maryland’s small businesses and overall economy.

For these reasons, **we request Senate Bill 945 be given a favorable report.**

The Montgomery County Chamber of Commerce (MCCC) accelerates the success of our nearly 500 members by advocating for increased business opportunities, strategic investment in infrastructure, and balanced tax reform to advance Metro Maryland as a regional, national, and global location for business success. Established in 1959, MCCC is an independent non-profit membership organization and is proud to be a Montgomery County Green Certified Business.