Sales to Government Employees

Government employees may use the Maryland sales and use tax exemption certificate to make purchases of goods for the government unit. However, the sales and use tax law does not expressly exempt sales to a government employee who, for example, rents a hotel room or purchases a meal and pays for it with cash, personal check or personal credit card. Those employees are required to pay the Maryland sales and use tax to the vendor.

The tax is due on those transactions even though the employee may have documentation provided by the government agency that the purchaser is a government employee or may be reimbursed by the government for those expenses.

Federal government charge card purchases

Federal government purchases made by using the following charge cards administered by the U.S. General Services Administration's GSA SmartPay charge cards are exempt from the Maryland sales and use tax since they are billed directly to the federal government:

- Purchase MasterCard cards with the first four digits of 5565 or 5566.
- Purchase VISA cards with the first four digits of 4486, 4614, or 4716.
- Fleet MasterCard cards with the first four digits of 5565 or 5566.
- Fleet Voyager cards with the first four digits of 8699.
- Travel MasterCard cards with the first four digits of 5565 or 5566, and with a sixth digit of 0, 6, 7, 8 or 9.
- Travel VISA cards with the first four digits of 4486 or 4614, and with a sixth digit of 0, 6, 7, 8 or 9.
- Debit/Prepaid MasterCard cards with the first four digits of 5564, 5565 or 5568.
- Debit/Prepaid VISA cards with the first four digits of 4614.

Purchases made by using the following charge cards are subject to the Maryland sales and use tax since they are billed directly to the individual and are not treated as direct sales to the federal government:

- Travel MasterCard cards with the first four digits of 5565 or 5566, and a sixth digit of 1, 2, 3 or 4.
- Travel VISA cards with the first four digits of 4486 or 4614, and a sixth digit of 1, 2, 3 or 4.
Sales and Use Tax Exemption Certificates

The Comptroller’s Office issues sales and use tax exemption certificates to certain qualifying organizations, entitling them to make specific purchases without paying sales and use tax.

The following organizations can qualify for exemption certificates:

- Nonprofit charitable, educational and religious organizations
- Volunteer fire companies and rescue squads
- Nonprofit cemetery companies
- Qualifying veterans organizations
- Government agencies
- Credit unions

By law, Maryland can only issue exemption certificates to qualifying, nonprofit organizations located in Maryland or in any of the following adjacent jurisdictions: Delaware, Pennsylvania, Virginia, West Virginia and Washington, D.C.

Certificates issued to nonprofit religious, educational, and charitable organizations, nonprofit cemeteries, credit unions, and volunteer fire companies or rescue squads are printed on white paper with purple ink and contain an expiration date of September 30, 2012. Certificates issued to qualifying veterans organizations are printed on white paper with blue ink and contain an expiration date of June 30, 2012. Certificates issued to governmental entities are printed on white paper with red ink and contain no expiration date.

An organization may use its exemption certificate to purchase tangible personal property that will be used in carrying on its work. This includes office supplies and equipment and supplies used in fundraising activities, but does not include items used to conduct an "unrelated trade or business" as defined by Section 513 of the U.S. Internal Revenue Code.

The exemption certificate is a wallet-sized card, bearing the holder’s eight-digit exemption number and an expiration date. An exemption certificate is not transferable and applies only to purchases made by the registered organization. It may not be used to purchase items for the personal use of officials, members or employees of the organization, or to purchase items that will be donated to the organization.

An exemption certificate should not be confused with a resale certificate, which is used by manufacturers, wholesalers and retailers to purchase, free of tax, the items they sell.

Sales Tax Exemption Information

- Requesting Duplicate Exemption Certificates
- Renewing Exemption Certificates
- How To Apply For An Exemption Certificate
- Accepting Exemption Certificates
- Sales to Government Employees
- Exemption Certificate Use by Contractors
- Tax-Exempt Sales by Nonprofit Organizations
- Frequently Asked Questions