FAQ'S

Shop Maryland Energy Weekend for Certain Energy Efficient Appliances

When will Maryland's sales and use tax-free weekend for energy efficient appliances take place?
The sales and use tax-free weekend, called Shop Maryland Energy, takes place in February and applies to the sale of a qualified Energy Star product or a solar water heater that is sold between 12:01 a.m. on the Saturday immediately preceding the third Monday in February and 11:59 p.m. on the third Monday of February.

Will Shop Maryland Energy take place every year?
Yes, the tax-free period begins in February 2011 and continues each February thereafter.

What products will be exempt during Shop Maryland Energy Weekend?
Only air conditioners, clothes washers, clothes dryers, furnaces, heat pumps, standard size refrigerators, compact fluorescent light bulbs, dehumidifiers, boilers and programmable thermostats that have been designated as meeting or exceeding the applicable Energy Star efficiency requirements developed by the U.S. Environmental Protection Agency and the United States Department of Energy and are authorized to carry the Energy Star label are exempt during the Shop Maryland Energy weekend. In addition, the exemption applies to the sale of any solar water heater.

Other types of appliances and equipment do not qualify for exemption even though they may also carry the Energy Star label.

I thought that solar energy equipment was always exempt from the sales and use tax. Why are solar water heaters included in the list of products that qualify for the tax-free period?
Sales of all solar energy equipment are now exempt in the state of Maryland regardless of when sold. However, that blanket exemption was not in existence when the tax-free weekend exemption was established.

I was told that currently there are no clothes dryers manufactured and sold in the United States that have an Energy Star rating, and that Energy Star has suspended specifications for programmable thermostats. Why are these items listed as qualifying for the tax-free period?
Your information is correct. At this time, the Energy Star does not label clothes dryers, as there is little difference in the energy use between models. However, with advances in technology that could change in the future. And, although the Energy Star specification for programmable thermostats was suspended on December 31, 2009, there may still be existing stock of these items offered for sale by retailers that will qualify for exemption.

What is a "standard size refrigerator"?
A standard size refrigerator is a refrigerator with a factory built, self-contained cabinet that is marketed for use in a residential property. A standard size refrigerator may be a refrigerator with a top freezer compartment, a side-by-side refrigerator, a bottom-freezer refrigerator, a three door refrigerator, or any other variation, including a refrigerator marketed as "built-in" and designed to sit flush with kitchen cabinets. The exemption will apply whether actually purchased for residential use or not.

The exemption does not apply to a commercial grade refrigerator, or to small "dorm" size refrigerators and coolers, such as wine refrigerators and other specialized units, regardless of their intended use.

What is a "compact fluorescent light bulb"?
A compact fluorescent light bulb is a fluorescent light bulb that has been compressed into the size of a standard-issue screw-in incandescent light bulb. Unlike incandescent light bulbs, fluorescent bulbs don't use heat to create light so are far more energy-efficient.

What if I buy an Energy Star dishwasher during Shop Maryland Energy Weekend? Will that purchase be exempt as well?
No. Only the specific items listed are exempt during the tax-free weekend. Other products will be subject to the sales and use tax even though they may be designated as Energy Star items.

As a vendor, may I absorb the sales and use tax on the sale of non-qualifying items?
Yes. If you choose, you may absorb the sales and use tax on products that do not qualify for the exemption for Shop Maryland Energy Weekend and pay the tax on behalf of the buyer. However, if you choose to absorb the tax, you still must show the sales and use tax as a separate amount on the record of sale. This is not the case with qualifying Energy Star products.

Will all Energy Star products be easily identifiable in stores?
Yes. Every Energy Star qualified product is affixed with an Energy Star label on the product itself or on the product's packaging. However, only the specific items listed as exempt will qualify for tax-free purchase.

Where may I find a list of Energy Star qualified items?
A list of Energy Star items may be found at the following Website: http://www.energystar.gov/.

Will used items also be exempt?
Yes. As long as the product is a qualifying Energy Star item or a solar water heater, the exemption applies regardless of whether the item is new or used.

Will products purchased with rain checks be exempt?
Yes and no. If the desired qualifying product is not in stock and therefore unavailable for immediate purchase, the exemption will only apply if the contract of sale and payment for the product takes place during the specified period. In that case, the exemption will apply even if delivery of the product takes place at a later date.

Also, if you buy an eligible item during Shop Maryland Energy Weekend with a rain check that was issued previously, the purchase will qualify for tax-free status.

However, if you receive a rain check during the tax-free period that allows you to purchase the product at a later date, the exemption will not apply, and the sales and use tax will be due when you make the purchase.

Will lay-away sales qualify for exemption?
Yes. If you enter into an agreement to buy an eligible product on lay-away, the sale will be considered to be made during the tax-free period if the contract of sale is entered into and any initial payment made during the tax-free weekend and the product is removed from normal inventory and set aside for you at that time.

Will rentals of qualified products be exempt?
No. However, if you enter into a lease for a qualifying item during Shop Maryland Energy Weekend, and the first lease payment is due at that time, the initial payment will qualify for the tax-free status. All subsequent rental payments will be subject to sales and use tax.

If you are currently leasing a qualifying Energy Star product on a rent-to-own basis, and you pay the remaining balance off during the tax free period, only the final payment made during Shop Maryland Energy Weekend will be exempt from sales and use tax.

As a retailer, must I obtain an exemption certificate from my customer in order to make a tax-free sale of an energy efficient appliance?
No. The buyer does not need to present an exemption certificate or other document in order to claim the exemption.

Can businesses or other commercial establishments take advantage of Shop Maryland Energy Weekend?
Yes. The tax-free period is available to all buyers as long as the product itself qualifies.

How does Shop Maryland Energy Weekend apply to equipment, such as furnaces, heat pumps, and programmable thermostats that become part of real property upon installation?
An item that becomes part of the real property and is purchased from a retailer or a contractor on a furnish and install basis is not taxable to the buyer, regardless of whether it qualifies for the tax-free period. Instead, the contractor must pay sales and use tax on any material and equipment that he installs. However, during Shop Maryland Energy Weekend, a contractor may purchase qualifying products tax-free even if he resells and installs those products after the expiration of the tax-free period.

I am a contractor who sells and installs HVAC systems. Will all of my purchases of materials and equipment necessary to install an HVAC system qualify for exemption?
No. Only the specific items listed, such as the air conditioner, heat pump, and furnace that contain the Energy Star rating and are purchased during Shop Maryland Energy Weekend, are exempt. Any other component part, even though required in order to create a functioning system, is subject to tax when purchased.

What kind of records must vendors and buyers maintain?
Both vendor and buyer must maintain records that support that the product qualifies as an Energy Star appliance and was purchased during Shop Maryland Energy Weekend for a period of four years from the date of purchase. This requirement is in addition to all other record-keeping requirements under Maryland law.

Does the exemption apply to catalogue and internet sales as well?
Yes, provided the sale is completed during the tax-free weekend. A completed sale means the retailer has taken an action to immediately fill the order and the consumer has paid for the product. A product that must be back-ordered where the buyer is not billed until the product ships will not qualify for the exemption.

If I buy a qualifying item out-of-state but I live in Maryland, may I still take advantage of Shop Maryland Energy weekend?
That depends on whether you have the item delivered to your Maryland home or not. If you have the qualifying product delivered, the sale will be exempt from Maryland tax if made during the tax-free period. However, if you elect to take possession of the item at the store and are in a state that imposes a sales tax, you will be charged the tax for that jurisdiction.

If you live outside of Maryland, you may purchase qualifying items from Maryland retailers tax-free during Shop Maryland Energy weekend. However you should be aware that most states impose a use tax on items brought or delivered into a state for use or consumption, and you may owe tax to the state where you intend to use the item. Also, if the Maryland retailer where you make your purchase has locations in your state, the retailer will be required to charge and collect that state's tax on delivered items.

How will exchanges of products purchased during Shop Maryland Energy Weekend be handled?
If a qualifying product purchased during the tax-free weekend is exchanged for the same product, no additional tax will be due. However, if the customer returns the product after the tax-free period and receives credit toward the purchase of a different product, the sale and use tax will apply to the total sales price of the newly purchased item.

Is there a limit to the number of qualifying purchases I may make during Shop Maryland Energy Weekend?
No. You may make as many qualifying purchases as you wish and the exemption will apply.

What if I have been charged the sales and use tax in error on a qualifying item?
If you are charged tax on a qualifying purchase you may have the tax refunded by filing a claim for refund with the Comptroller's Office. Refund claim applications may be obtained from the Comptroller's Website at http://compnet.comp.state.md.us/Compliance_Division/Static_Files/st205.pdf or by calling the agency at 1-800-MD-TAXES.

Who can I call with questions during the tax-free weekend?
Agency representatives will be available by phone on Saturday, February 19 and Monday, February 21 from 9 a.m. – 5 p.m. at 1-800-MD-TAXES. For more information visit www.marylandtaxes.com or email shopmaryland@comp.state.md.us