

# ACEC

American Council of Engineering Companies  
Maryland

# 2017 | LEGISLATIVE BUSINESS AGENDA

## WHO ARE WE?

An organization of 90 engineering and professional service firms in the State of Maryland

## WHO DO WE REPRESENT?

Over 6,000 employees including:

Engineers	Scientists
Architects	Technical Specialists
Land Surveyors	Planners

## CONTACT INFORMATION

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## REJECTING RETAIL SALES TAX ON ENGINEERING SERVICES

### WHAT IS THE ISSUE?

During an audit of a Maryland engineering firm by the Comptroller's office, an auditor incorrectly identified certain services and activities performed by the engineering firm as being subject to Maryland state sales tax. This resulted in assessment of back taxes to the engineering firm for the services in question. The services taxed were part of usual and customary professional services performed by an engineer and should not be subject to sales tax.

### Legislative Action Required

Specifically define services provided by professional engineers and design firms to eliminate this from occurring again.

### WHY IS IT IMPORTANT?

- Engineering services are professional services that are historically not subject to sales tax.
- The Comptroller's interpretation of taxation of these professional services was inappropriate and could spill into other design professions including architecture, landscape architecture, inspection and surveying.
- Assessment of back taxes, legal fees and economic loss that result from the inappropriate classification of these services can bankrupt small businesses.
- In 2007, when the MD Legislative looked at sales tax on professional services legislators agreed that the services of A/E firms should remain exempt from sales tax.