



Frequently Asked Questions About Tax-Free Week

August 10-16, 2025

When will Shop Maryland Tax Free Week take place in 2025?

Shop Maryland Tax-Free Week will take place Sunday, August 10, 2025, at 12:01 a.m. through August 16, 2025, at 11:59 p.m.

What items will be eligible for tax-free purchase during Shop Maryland week?

Certain clothing, footwear, backpacks, and bookbags are eligible. Examples of tax-free clothing and footwear are sweaters, shirts, slacks, jeans, dresses, robes, underwear, belts, shoes, and boots priced at \$100 or less. The first \$40 of a backpack/bookbag purchase is tax-exempt.

Are any other items eligible for tax-free purchase during the tax-free period?

The Maryland General Assembly has only designated clothing, footwear and backpacks/bookbags as eligible items for this August tax-free period.

If I do not sell clothing and footwear that is priced at \$100 or less and eligible for tax-free purchase, can I participate as a vendor in tax-free week?

Only clothing and footwear that is priced at \$100 or less, and the first \$40 of a backpack/bookbag purchase are eligible for the exemption.

A vendor may assume and absorb all or any part of the sales and use tax on a retail sale and pay that tax on behalf of the buyer. Therefore, a vendor may choose to absorb and pay the sales and use tax on clothing and footwear priced greater than \$100.

Additionally, vendors selling items other than clothing and footwear may choose to absorb and pay the sales and use tax on any sales that are subject to the Maryland sales and use tax.

However, vendors choosing to absorb and pay the sales and use tax must continue to separately state the tax from the sales price at the time of sale to the purchaser. If the vendor absorbs all or any part of the tax on the sale, the vendor shall pay the tax with the return that covers the period in which the vendor makes the sale.

Will any clothing items be taxable during Shop Maryland week?

Yes. Items that cost more than \$100 will be taxable. With the exception of backpacks/bookbags, all accessories, including jewelry, watches, watchbands, handbags, handkerchiefs, umbrellas, scarves, ties, headbands, and belt buckles remain taxable. And special clothing or footwear designed primarily for protective use and not for normal wear, such as football pads, are taxable.

If my total purchase of several items is more than \$100, will it still be tax-free?

Each qualifying article of clothing or footwear selling for \$100 or less, or the first \$40 of a backpack or bookbag purchase, will be exempt, regardless of how many items are sold at the same time. For example, two \$60 sweaters sold at the same time are both exempt, even though the total purchase is more than \$100.

Is the first \$100 of a more expensive item tax-free?

No. If a suit costs \$110, sales tax is due on the entire \$110.

What if I buy a backpack/bookbag that costs more than \$40?

The first \$40 is tax-exempt; any amount beyond the first \$40 is taxable.



Are online sales exempt?

An eligible item may qualify for the exemption if the item is both paid for by the customer and delivered to the customer during the tax-free period. Items can also be eligible if the customer orders and pays for the item and the retailer accepts the order for immediate shipment, even if the item is delivered after the tax-free period ends.

The item will not qualify if it is on backorder or the retailer does not charge the customer until the item ships, and the shipment occurs after the tax-free period ends.

Will clothing alterations be exempt during Shop Maryland week?

Alterations are taxable, even if you buy and pay for them at the same time you buy a piece of clothing that is exempt from the tax during the qualifying period. For example, if you buy a pair of pants for \$90 and pay \$15 to have them altered, tax will be due on the alteration charge but not on the price of the pants.

What about items I'd buy to make or repair clothes, such as fabric, buttons, zippers, etc.? Items used to make clothing, such as fabric, thread, yarn, buttons, snaps, hooks, and zippers, are taxable.

If a suit costs \$180, can I ask the store to sell it to me as separates, so I can get the tax break? No. Articles that are normally sold as a unit, such as a pair of shoes or a suit priced on a single price tag, cannot be priced separately during the tax-free period to avoid the sales tax.

If I use a department store coupon to reduce the price of a \$110 item to \$100 or less, do I have to pay the tax?

Retailers can issue discounts or coupons to reduce the sales price of an item to \$100 or less, which will qualify the item for the exemption.

However, manufacturers' coupons, or any other coupons for which a third party reimburses the retailer, are subtracted after the tax is levied, not before, so they do not lower the price for tax purposes.

For example, if you buy a pair of shoes for \$110 with a retailer's coupon worth \$10 off, the \$10 is deducted prior to calculating the tax, making the final sales price \$100, and qualifying the shoes for the exemption. If you buy a pair of shoes for \$110 with a manufacturer's coupon for \$10 off, the taxable price of the shoes is \$110, and the \$10 is deducted after calculating the tax. This sale will not qualify for the exemption because the price of the shoes is over \$100, and the \$10 credit is treated as a form of consideration or payment toward the total price. Rebates in this form do not affect the price of the item.

Suppose I get a rain check on an item during Shop Maryland Week but actually buy it after the tax-free week?

If a rain check for an eligible item is issued during the tax-free period, items you buy with it are not exempt after that period.

Do layaway purchases also qualify?

If a customer begins a layaway agreement during the Shop Maryland Tax Free period, any eligible items placed on layaway during that period will qualify for the exemption.

What happens if I buy something tax-free during the tax-free period and have to exchange it after the tax-free period has ended?

If you are exchanging the item for the same item (in a different size or color, for example), no additional tax will be due.

If you return the item for credit on the purchase of a different item after the tax-free period, you must pay the full sales tax on the new item.

If you buy an item before the tax-free period and return it during the tax-free period and receive credit that you use to buy a different item of eligible clothing, no sales tax is due.



Suppose I buy a set that contains a tax-exempt item and a taxable item, such as a shirt and tie or a hat and scarf set. Is that tax-exempt?

Unless the items in a set are priced separately, the full price of the set is subject to the sales tax.

For example, if a boxed gift set with a shirt and tie is sold for a single price of \$80, the full price is taxable, even though the shirt would be tax-exempt if it were sold separately.

If I sell a backpack or bookbag for more than \$40, how do I calculate the amount of sales tax to charge customers?

Maryland's 6% sales and use tax is due on the amount of the purchase price of a backpack or bookbag that exceeds \$40. For example, if the price of a backpack or bookbag is \$41, Maryland's 6% sales and use tax is due on \$1, and the vendor should charge their customer 6 cents.

Vendors using electronic point-of-sale register systems should arrange to have their systems programmed to calculate the amount of sales and use tax due accurately. Vendors unable to reprogram their register systems can allow their customers to take advantage of the tax-free benefit for backpacks and book bags by manually allowing customers a credit against the tax due equal to the amount of sales tax on \$40, which is \$2.40. It is the vendor's responsibility to document and account for any manual credit for sales tax allowed.

Customers who may have improperly paid the full amount of sales and use tax on the non-taxable portion of the purchase price of a backpack or bookbag during the Shop Maryland Tax-Free Week may seek a refund

of the tax paid by completing a sales and use tax refund request. The refund request form can be found at www.marylandcomptroller.gov/content/dam/mdcomp/tax/forms/2025/sut205.pdf.

Questions about Shop Maryland Tax Free should be addressed to:

ShopMDTaxFree@marylandtaxes.gov
comptroller@marylandtaxes.gov
or call 410-260-7300.

Where can I get more information on Shop Maryland Tax-Free Week?

Call 410-260-7300 or toll-free 1-800-MDTAXES

E-mail: comptroller@marylandtaxes.gov

Visit the Comptroller's Website at www.MarylandComptroller.gov

Hearing impaired may call Maryland Relay at 711

**About the Office of the Comptroller:**

The Office of the Comptroller is Maryland's revenue agency. Our team of employees is dedicated to delivering high-quality and efficient constituent service to every Maryland resident and business. Marylanders can reach us by phone, email, or in person. Our multilingual customer service agents are fluent in several languages, and our website has resources for all taxpayers.

Branch office staff can help with many common tax needs, including preparation of Maryland individual income tax returns for both residents and non-residents, assistance with filing out estimated tax forms, withholding tax forms, sales tax forms, and motor fuel tax forms. They can also assist with non-tax needs including:

- Motor Vehicle Administration tax certification
- Request for copies of tax returns
- International Fuel Tax Agreement (IFTA) decals

Tax Service Locations

Locations are open Monday through Friday from 8:30 am to 4:30 pm.

Annapolis

60 West Street, Suite 102

Annapolis, MD 21401

Baltimore

State Office Bldg.

7 St. Paul Street

Baltimore, MD 21202

Cumberland

Allegany Museum

3 Pershing Street, Suite 101

Cumberland, MD 21502

Elkton

Upper Chesapeake Corporate Center 103

Chesapeake Blvd.

Elkton, MD 21921

Frederick

Courthouse/Multiservice Center

100 W. Patrick St., Rm 2603

Frederick, MD 21701

Greenbelt

Triangle Centre

6401 Golden Triangle Drive, Suite 100

Greenbelt, MD 20770

Hagerstown

Crystal Building

1850 Dual Hwy., Suite 201

Hagerstown, MD 21740

Salisbury

Sea Gull Square

1306 South Salisbury Blvd., Suite 182

Salisbury, MD 21801

Towson

Hampton Plaza

300 E. Joppa Road

Plaza Level 1A

Towson, MD 21286

Waldorf

1036 Saint Nicholas Drive, Suite 202

Waldorf, MD 20603

Wheaton

Westfield Wheaton

South Building

11002 Veirs Mill Rd, Suite 408

Wheaton, MD 20902