

MEMO# 32257

March 3, 2020

Maryland: ICI Submits Written Testimony Opposing Sales Tax on Services

[32257]

March 3, 2020 TO: ICI Members

ICI Global Members

Management Company Tax Subcommittee

Tax Committee SUBJECTS: Fund Accounting & Financial Reporting

Tax RE: Maryland: ICI Submits Written Testimony Opposing Sales Tax on Services

The Institute filed the attached letter and written testimony opposing Maryland's proposed sales tax on services (HB 1628). The bill would impose a 5% sales tax on services, including professional services such as legal, accounting, and investment management. The letter raises concerns that such a tax would:

- impose additional costs on all investors (including Marylanders) seeking to save for their retirement and other long-term needs through funds;
- place Maryland-based fund firms operating in this nationwide industry at a competitive disadvantage; and
- be extraordinarily difficult (if not impossible) to administer efficiently and fairly.

The submission recommends that the tax not apply to any services consumed by funds and their advisors. It further advises that a comprehensive study must be conducted, before any services tax proposal advances, to prevent fund investors and their advisors from suffering unintended consequences.

Katie Sunderland
Assistant General Counsel

[Attachment No. 1](#)

[Attachment No. 2](#)

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