

September 2021

Maryland Tax Department Releases Draft Regulations on Digital Ad Tax

On August 30, the Maryland comptroller filed [proposed regulations](#) with the state's Joint Committee on Administrative, Executive and Legislative Review to clarify how businesses should apply the state's new digital advertising tax.

The nation's first digital advertising tax targets the largest companies that sell digital advertising and is imposed on a graduated scale. The tax rate is 2.5% on annual global gross receipts of \$100 million to \$1 billion, 5% on amounts between \$1 billion and \$5 billion, 7.5% on amounts between \$5 billion and \$15 billion and 10% on anything above \$15 billion. The escalating rate scale works to exclude from the tax any entity with less than \$1 million of gross revenues from digital advertising services in Maryland and \$100 million in annual gross revenues.

Important for agencies, earlier this year the legislation's lead Senate sponsor and President of the Maryland Senate, Bill Ferguson (D-46) [clarified](#) that he doesn't believe that the tax would be levied against a company reselling ad space to a marketer client; instead, he explained that the legislative intention of the bill is to tax the digital company selling the original advertising space (i.e. Facebook, Google, etc.).

For further reading on the challenges of implementing the new tax, The Tax Foundation has prepared a blog post [here](#).

Maryland's digital advertising tax is scheduled to take effect on January 1 2022, if it does not fall to any of the serious legal challenges facing it in the courts. The 4A's Government Relations team plans to circulate draft regulatory comments in the weeks ahead for member feedback.

Several States Update Temporary Rules for COVID-19 Telecommuting Nexus and Income Tax Withholding

With the COVID-19 pandemic continuing and telecommuting becoming a permanent fixture of many workplaces, agencies must begin to navigate a patchwork of unfamiliar rules that could significantly alter their withholding,

income and sales tax obligations.

Depending on circumstances, some agencies may not experience a large increase in overall income tax liability with the rise of telework, but they may need to be diligent in ensuring their income is apportioned correctly to states where new remote employees are based. In particular, agencies' primary concerns may center on income apportionment and withholding obligations for employees.

Physical presence, or more specifically the presence of employees, in a state generally provides the state with jurisdiction to impose corporate income and franchise taxes, as well as sales and use taxes; however, early in the pandemic, approximately one-third of states issued guidance providing for the temporary suspension of corporation income tax and sales-and-use tax nexus thresholds where the pandemic forced certain employees to work remotely in a state in which a company would otherwise not have nexus.

While some states have extended their temporary relief on certain nexus and withholding requirements through the end of the year, others have gone in the opposite direction. [Pennsylvania's teleworking nexus relief guidance](#) expired on June 30, 2021, as did [Indiana's](#) (absent a doctor's orders) and [Maine's](#). California ended its [temporary COVID guidance](#) even earlier, on June 11, 2021, and on August 3, the New Jersey Division of Taxation [announced](#) that it will end its temporary nexus reprieve on October 1. [Massachusetts's temporary relief](#) ended on September 13, 2021, triggered by the COVID-19 state of emergency withdrawal 30 days prior.

On the opposite side of the spectrum, some states have extended their temporary telecommuting nexus guidance to reduce the ongoing tax compliance burden of their residents and businesses. South Carolina recently [announced](#) an extension of nexus and income tax withholding requirements for remote workers until December 31, 2021.

More great information on this topic can be found [here](#) and [here](#).

Biden Administration to Mandate Vaccines for Federal and Large Private-Sector Employees

On September 9, President Biden [announced](#) a new federal mandate requiring COVID-19 vaccines for all federal government employees and federal contractors. He also ordered the Department of Labor to issue an emergency order requiring businesses with more than 100 employees to ensure their workers are vaccinated or tested on a weekly basis.

Agencies with 100+ employees should begin assessing their vaccination messaging plans for their employees. Employees will get paid time off to get vaccinated and recover from the vaccine, although it's not yet clear whether employers may be able to claim refundable tax credits to reimburse them for the paid time off. The American Rescue Plan Act of 2021 already allows businesses

with fewer than 500 employees to do this, but this law sunsets on September 30, 2021.

Once Occupational Safety and Health Administration (OSHA) drafts an “emergency temporary standard” and a White House regulatory office reviews it, officials said the agency would begin enforcing the rules: collecting reports of violations and sending out inspectors who will be empowered to impose \$13,650 fines for violations and up to \$136,500 for those that are willful or repeated.

As part of the rulemaking, OSHA must sort through a number of practical questions such as who pays for the testing and what kinds of tests are acceptable. Once the rule is published in the Federal Register, employers are likely to have at least a few weeks to comply before OSHA begins enforcement, though they may have to put forth a policy even sooner.

For any questions or to learn more, please reach out to [Alison Pepper](#), 4A's, EVP - Government Relations. You can also visit our Government Relations page for additional resources [here](#).

4A's RESOURCES



Now.New.Next
Talent and the
Future of Work

Discover a new series to help
leaders address the changing
talent landscape.

[LEARN MORE](#)



**Greenwashing
and Advertising**

What Your Agency Needs to
Know When Making
Environmental Claims.

[DOWNLOAD
THE PAPER](#)

4A's UPCOMING EVENTS



**Equity & Inclusion
CONGRESS**
4A's Foundation

VIRTUAL EVENT
OCT 25 - 26, 2021

[REGISTER HERE](#)

4A's ON DEMAND EVENTS

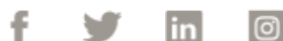


STRATEFEST

EXPLORE HOW PLANNERS WILL HELP
TO CREATE MEANINGFUL AND VALUED
BRANDS FOR THE FUTURE

[WATCH ON-DEMAND](#)

Notice of Confidentiality: The information contained in this message is confidential and may constitute inside or non-public information under international, federal or state laws and is intended only for the use of the addressee. Unauthorized forwarding, copying, printing, distributing, or using such information is strictly prohibited and may be unlawful. If you are not the addressee, please promptly delete this message and notify the sender of the delivery error by email. Thank you.



This email was sent by: 4A's, 5 Bryant Park, 16th Floor, New York, NY 10018

[View in browser.](#)

This email was sent to INSERT_EMAIL. [Manage My Email Preferences.](#)

© 2018 4A's. All rights reserved. [www.aaaa.org](#) | [contact us](#)

[Unsubscribe](#) from these messages.