

Maryland Department of Commerce

Buy Maryland Cybersecurity Tax Credit

FAQs for Buyers

1. How does a company that purchased cybersecurity technologies and services from a Qualified Maryland Cybersecurity Seller claim the tax credit?

A Qualified Maryland Company that wishes to claim the tax credit needs to [submit application Online](#). Commerce will not accept applications in any other format.

Companies approved for the tax credit will receive A Certificate of Approval from the Department of Commerce. The Certificate of Approval must be attached to the company's Maryland income tax return that is filed with the Comptroller of Maryland.

2. What records does a company need to maintain for the tax credit? Are there any reporting requirements for a company that makes a purchase from a Qualified Maryland Cybersecurity Seller?

In order to apply for the tax credit, a company must provide a copy of the invoice for the cybersecurity technology or service purchased from a Qualified Maryland Cybersecurity Seller, and proof of payment. A company does not need to maintain any records other than an invoice and proof of payment. There are no reporting requirements.

3. How does a company know it is buying from a Qualified Maryland Cybersecurity Seller?

Qualified Maryland Cybersecurity Sellers are certified by the Department of Commerce. [Click here](#) for a current list of Qualified Maryland Cybersecurity Companies.

Eligible purchases made from any company listed as Qualified Maryland Cybersecurity Company on Commerce's website may be eligible for the tax credit.

4. How is the tax credit amount calculated for extended service contracts?

If the cost of an extended cybersecurity service contract is paid in full at the beginning of the contract, then the amount of the tax credit will be the amount paid for the contract up to \$50,000 in tax credits. If the cost of an extended service contract is paid in installments or on a monthly basis, then only the actual amounts paid will be eligible for the tax credit.

For example, if a company enters into a one-year cybersecurity service contract on July 1, 2020 requiring monthly installment payments, then only the months for which payments were made in 2020 are eligible for the tax credit in 2020. Assuming the monthly cost of the contract is \$1,000, a company will be eligible for \$3,000 in tax credits in 2020. A company may be eligible to apply for a tax credit in 2021 for monthly payments made in 2021.

5. If a company purchases a cybersecurity technology and service from a Qualified Maryland Cybersecurity Seller, can the company claim a tax credit for the product and service?

Yes, provided the technology and service are eligible cybersecurity purchases. Each qualified buyer has an annual cap limiting the tax credit amounts which may be awarded. The credit awarded to a qualified buyer may not exceed \$50,000 each year. As a result, if the combined cost of the technology and service exceeds \$100,000, the tax credit award will be capped at \$50,000.

6. Are taxes and fees included in the purchase price when calculating the amount of the tax credit?

No. Taxes and fees must be subtracted from the purchase price before calculating the amount of the tax credit.