

FAQs for Qualified Maryland Companies Purchasing Cybersecurity Technologies and Services (Buyer)

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 [complete the paper application](#).

Companies approved for the tax credit will receive a tax credit certificate from the Department of Commerce that is submitted to the Comptroller of Maryland when a company files its state income tax return.

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 claim 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? Where can Qualified Maryland Cybersecurity Sellers be found?

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

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 value of the tax credit calculated for extended service contracts?

A cybersecurity service must be purchased to claim the Buy Maryland Tax Credit. If the cost of an extended 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. If the cost of an extended service contract is paid in installments or on a monthly basis, then only the time period or months for which payment has been made are eligible for the tax credit.

For example, if a company enters into a one-year cybersecurity service contract on July 1, 2018, requiring monthly payments, then only the months for which payments were made in 2018 are eligible for the tax credit in 2018. Assuming the monthly cost of the contract is \$1,000, a company will be able to claim a tax credit worth \$6,000 in 2018 (July to December = 6 months x \$1,000 per month = \$6,000). A company may be eligible to apply for a tax credit in 2019 for monthly payments made in 2019.

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, as long as the cybersecurity technology and service that are purchased are eligible for the Buy Maryland Cybersecurity tax credit. If the combined cost of the technology and service exceeds \$50,000, then the tax credit will be \$50,000 due to the tax credit's cap for an individual company in a tax year. Note that the amount of a final tax credit may be impacted because only 25% of annual funding for the Buy Maryland Cybersecurity tax credits is available for cybersecurity services and 75% is available for cybersecurity technologies.

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.