

FAQs for Cybersecurity Companies Seeking to Be Certified as a Qualified Maryland Cybersecurity Company (Sellers)

1. What is a Qualified Maryland Cybersecurity Seller?

A Qualified Maryland Cybersecurity Seller is a for profit company that:

- Is primarily engaged in the development of innovative and proprietary cybersecurity technology or the provision of cybersecurity service;
- Has its headquarters and base of operations in Maryland;
- Has less than \$5.0 million in annual revenue; or is a minority-owned, woman-owned, veteran-owned, or service-disabled veteran-owned business, or is located in a Historically Underutilized Business (HUB) Zone; and
- Provides proprietary cybersecurity technologies or services which it owns or has properly licensed.

The Department of Commerce must certify a cybersecurity company as a Qualified Maryland Cybersecurity Seller for the sale of its cybersecurity technologies or services to be eligible for the tax credit. [Click here](#) to fill out an application.

2. What information does a cybersecurity company have to provide in its application for certification as a Qualified Maryland Cybersecurity Seller?

All Applications

To become certified as a Qualified Maryland Cybersecurity Seller a cybersecurity company must:

- Demonstrate it is in good standing with the Maryland Department of Assessment and Taxation (SDAT);
- Demonstrate that it is current with its tax obligations;
- Provide evidence that is a for profit business with at least 51% of its business is the development of innovative and proprietary cybersecurity technology or the provision of cybersecurity service; and
- Demonstrate that its headquarters and base of operations are located in Maryland;
- Provide evidence that the company has less than \$5.0 million in annual revenue, is a minority-owned, woman-owned, veteran-owned, or service-disabled veteran-owned business, or is located in a Historically Underutilized Business (HUB) Zone;
- Provide evidence that the company owns or licenses proprietary cybersecurity technology or provides a cybersecurity service.

SDAT Good Standing

A cybersecurity company may provide the Department of Commerce with a Certificate of Status (also called a Good Standing Certificate) from SDAT. To avoid the \$20 cost for a

Certificate of Status, a cybersecurity company may instead submit a screen shot from the SDAT website stating that the cybersecurity company is in good standing. A screen shot may be obtained by following these steps:

- Visit the [Maryland Business Express](#) website.
- Enter the name of the business in the search engine;
- Click on “View Business Detail” once the name of the business is found in the search results. Print the screen showing that the business is in good standing.

Current with Tax Obligations

A cybersecurity company must provide a [Good Standing Certificate from the Comptroller of Maryland](#) to show that it is current in all of its Maryland tax obligations.

Evidence that cybersecurity constitutes at least 51% of business

A cybersecurity company’s business plan and a complete financial statement must be submitted in order to determine a business meets the minimum threshold for a cybersecurity company. The business plan and financial statement are also used to verify that a company has its headquarters and base of operations in Maryland.

At a minimum, a business plan should include:

- Executive Summary
- History of Entity
- Description of Technologies or Services
- Intellectual Property
- Market Analysis
- Product Development
- Pricing Strategy
- Competition
- Company Leadership
- Financials
 - Historical Revenues and Expenses;
 - Present and Projected Revenues and Expenses
 - Segregate Research and Development Expenses from Sales, General and Administrative Expenses
- Appendices as necessary

Evidence the company owns or licenses proprietary cybersecurity technology or service

Companies selling proprietary cybersecurity technologies or services need to submit documentation that verifies the protection of its intellectual property, which may be a patent or patent pending; license; copyright; trademark, or evidence a company possess trade secrets.

A company's business plan is used to certify companies that provide an eligible cybersecurity service consistent with the NIST cybersecurity framework.

Applications for Cybersecurity Companies Owned by a Minority, Woman, Veteran, or Service-Disabled Veteran

Minority and Women-Owned Businesses

Cybersecurity companies claiming Minority or Woman-Owned status must submit a copy of their [Minority Business Enterprise \(MBE\) certification](#) from the Maryland Department of Transportation.

Veteran or Service-Disabled Veteran-Owned Businesses

Cybersecurity companies claiming Veteran or Service-Disabled Veteran-Owned Status must either: (1) submit a copy the veteran owner's DD 214 and attest that a veteran has principal ownership of the cybersecurity company; or (2) provide a copy of the United States Department of Veteran's Affairs [certification as a Veteran Owned-Small Business or Service-Disabled Veteran Owned-Small Business](#).

Applications for Cybersecurity Companies Located in a Historically Underutilized Business (HUB) Zone

To verify a cybersecurity company is located in a HUB Zone, a company needs to submit a copy of its [HUB Zone certification](#) from the United States Small Business Administration (SBA). A company can determine if it is located in a HUB Zone by using the [SBA's HUB Zone Map](#).

3. How long does the certification of a cybersecurity company as a Qualified Maryland Cybersecurity Seller last?

The certification as a Qualified Maryland Cybersecurity Seller is good for one year. A cybersecurity company may participate in the Buy Maryland Cybersecurity tax credit program as long as it meets the eligibility criteria for a Qualified Maryland Cybersecurity Seller. However, continued participation in the program requires a cybersecurity company to apply annually for certification as a Qualified Maryland Cybersecurity Seller.

4. Is there a deadline for applying for certification as a Qualified Maryland Cybersecurity Seller?

No. A cybersecurity company may apply to be certified as a Qualified Maryland Cybersecurity Seller at any time during the year.

5. Does a cybersecurity company need to provide both cybersecurity technologies and services in order to be certified as a Qualified Maryland Cybersecurity Seller?

No. A cybersecurity company may be certified as a Qualified Maryland Cybersecurity Seller if it only sells cybersecurity technologies, only provides cybersecurity services, or if it sells cybersecurity technologies and provides cybersecurity services.

6. Can a Qualified Maryland Cybersecurity Seller participating in Maryland's Cybersecurity Investor Incentive Tax Credit program also participate in the Buy Maryland Cybersecurity Tax Credit program?

Yes, a cybersecurity company certified as Qualified Maryland Cybersecurity Seller for the Buy Maryland Cybersecurity tax credit program may participate in the Cybersecurity Investor Incentive Tax Credit program, or any other Maryland tax credit program.

7. What cybersecurity services are eligible for the tax credit?

To be eligible for the Buy Maryland Cybersecurity tax credit a cybersecurity service company must primarily perform an activity identified by the National Institute of Standards and Technology's (NIST) most recent [Cybersecurity Framework: Framework Core](#).

8. Does a Qualified Maryland Cybersecurity Seller have to sell directly to a Qualified Maryland Company for its cybersecurity technology or service to be eligible for the tax credit? Can a Qualified Maryland Company claim the tax credit if it buys a Qualified Maryland Cybersecurity Seller's cybersecurity technology or service from a third-party or reseller?

A Qualified Maryland Company can claim the tax credit for a Qualified Maryland Cybersecurity Seller's cybersecurity technology or service regardless of how it is sold. However, the tax credit will not be 50% of the full purchase price of the cybersecurity technology or service purchased from the third-party reseller. In calculating the amount of a tax credit for purchases made from a third-party reseller, the Department of Commerce will deduct 20% from the net purchase price before calculating the tax credit. The reduction to the purchase price is the Department of Commerce's determination of an average increase charged by third-party resellers.

To be able to claim the tax credit for purchases made from a third-party reseller, a Qualified Maryland Company that makes a cybersecurity purchase must be able to demonstrate that it purchased a Qualified Maryland Cybersecurity Seller cybersecurity technology or services from the reseller. This requires that the name of the Qualified Maryland Cybersecurity Seller be included on an invoice from the reseller along with the cybersecurity technology or service that was purchased. A Qualified Maryland Cybersecurity Seller that uses a third-party reseller to sell its cybersecurity technology or service should contact the reseller to ensure the Qualified Maryland Cybersecurity Seller's company name is listed along with the description of its cybersecurity technology or service on the reseller's invoice.