

# **BULLETIN**



Comptroller of the Treasury 1 Alcohol & Tobacco Tax Unit 1 Goldstein Treasury Building 1 Annapolis, Maryland 21404-2999  
(410)974-3314

## **No. AB-1**

July 15, 1994

**TO: All Alcoholic Beverage Wholesalers and Nonresident Dealers**

**SUBJECT: Mail Order Alcohol**

In recent years, an increasing number of entities throughout the United States have started mail order alcohol businesses. In some cases, the shipper solely engages in this activity. In other cases, the mail order portion of the business is secondary to the distribution of alcoholic beverages through the traditional three-tier system (i.e. as a supplier, wholesaler and/or retailer). The product is often delivered by a public carrier, such as UPS, Federal Express etc.

With limited exceptions, a Maryland consumer's sole source of supply for alcoholic beverages is a licensed Maryland retail dealer. Under no circumstances may alcoholic beverages be shipped directly to a consumer or retailer located in Maryland from a source outside the state. In addition to avoiding excise and sales taxes and circumventing the three-tier system of distribution, such activity creates the strong possibility of a person under the age of 21 ordering or receiving alcoholic beverages, which is illegal under Maryland law.

Whenever the Alcohol and Tobacco Tax Unit has become aware of these activities the shipper has been informed of Maryland law and, when necessary, the alcoholic beverages licensing authority in the shipper's state has been contacted for enforcement assistance. We have also issued press releases to trade publications and to the public media.

Some licensed nonresident dealers may be making direct shipments to Maryland consumers and retailers, thereby avoiding Maryland taxes and circumventing their designated Maryland wholesaler. This activity is specifically prohibited by Article 2B of the Annotated Code of Maryland. Licensed suppliers found to be engaging in this activity, are subject to having their nonresident dealer permits suspended or revoked. Any alcoholic beverages involved would also be considered contraband. Section 13-835 of the Tax-General Article provides for the seizure of any contraband alcoholic beverages and any vehicle or other conveyance used to transport such contraband.

If any supplier or wholesaler has information regarding direct shipments of alcoholic beverages into Maryland, they are invited to contact the Alcohol and Tobacco Tax Unit so that appropriate action can be taken. Thank you for your cooperation.

Charles W. Ehart, DPA  
Administrator  
Alcohol and Tobacco Tax Unit

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