



MAINE REVENUE SERVICES

(Formerly the Maine Bureau of Taxation)

SALES/EXCISE TAX DIVISION

GENERAL INFORMATION BULLETIN

December 15, 1997

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NO. 87

This bulletin contains important information about recent developments and issues that affect everyone who pays Maine sales and use taxes. Please read it carefully.

CUSTOM COMPUTER PROGRAMMING CLARIFIED

In Bulletin #86 issued in September 1997, we provided information that the tax on custom computer programming would be repealed on October 1, 1997. We further stated that "any contracts for the creation of custom computer programming on or after October 1 will be exempt". This implied that if a contract had been entered into prior to October 1, the entire contract was taxable even though the services were to be rendered after October 1. After further consideration, this approach has been determined to be incorrect. The following replaces our prior statements and establishes the proper application.

Where custom computer programming services are performed exclusively on or after October 1, 1997, the charges billed are exempt.

Where custom computer programming services are performed partly prior to and partly after October 1, 1997, the charges billed on or after October 1, 1997 are exempt whereas the charges billed prior to October 1, 1997 are subject to tax.

We apologize for any inconvenience this may have caused.

"TRAC" LEASES CONTINUE TO BE SALES

Also in Bulletin #86, this agency determined that TRAC leases were no longer to be considered sales for tax purposes. This advisory caused concern by some transportation industry representatives. Those representatives indicated the tax treatment change has an unintended consequence of the legislation and that such a change would be financially detrimental to many taxpayers. Based on these concerns, this agency has stayed enforcement of its advisory until April 30, 1998. The purpose of this stay is to allow industry representatives the opportunity to seek clarification of this issue. Maine Revenue Services will introduce legislation to retroactively amend the detrimental tax impact.

Additional information about these and other issues you may have, should be directed to:

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