

**MAINE REVENUE SERVICES  
SALES, FUEL AND SPECIAL TAX DIVISION  
RULE NO. 313**

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**CLASSIFIED PERMITS**

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**SUMMARY:** Establishes a system for the administration of the classified permit method of determining exempt sales pursuant to 36 MRSA §1951-A.

**SECTION 1. Scope of permit.**

A retailer who sells both taxable and exempt items may request authorization to report Maine sales tax using a classified permit that establishes the percentage of gross sales represented by sales of exempt items during a typical test period. This percentage may be used in lieu of maintaining an actual breakdown of sales of taxable and nontaxable items. Classified permits will be used only to establish the percentage of sales of exempt commodities. Other exemptions (for example, sales to exempt organizations) have not been shown to bear a sufficiently consistent month-to-month relationship to sales to warrant the use of a percentage figure.

**SECTION 2. Application for permit.**

A registered retailer whose cash register lacks the capacity to accurately identify taxable and nontaxable sales may apply to the State Tax Assessor for a classified permit on a form provided by the Bureau of Revenue Services (the "Bureau"). The application form shall require that the applicant provide an accurate record of the sales of taxable and non-taxable items during a typical sales period of not less than three days.

**SECTION 3. Issuance of permit.**

**1. Temporary Classified Permit.** To permit the retailer to take advantage promptly of the simplified reporting made possible by classified permit, a temporary permit will be issued on the basis of the Bureau's review of the retailer's application. The percentage authorized by the temporary permit may be used for reporting purposes in lieu of an actual breakdown of sales into taxable and nontaxable items. The temporary permit is subject to change upon audit by the Bureau. If use of the temporary permit is found upon audit to result in an inaccurate estimate of tax liability, an assessment will be made for any deficiency or a refund for any overpayment resulting from such inaccuracy.

**2. Permanent Classified Permit.** A permanent classified permit may be issued, upon written consent of the retailer, after the business of the temporary permit holder has been audited by the Bureau. The permit percentage will be based upon this audit and will be subject to change only if the retailer makes a change in its product line that significantly alters the relationship of taxable sales to total sales or if statutory changes to the taxability of items sold by the permit holder are enacted. The holder of a permanent classified permit shall promptly report any changes in its product line to the Bureau. While the permanent classified permit is in effect, the retailer's liability, insofar as it

depends upon the breakdown of sales between taxable and tax exempt commodities, is limited by the percentage granted by the permit. Thus, no deficiency assessment or credit will be based upon any variance between the permanent percentage breakdown and the actual breakdown, except when a change in the retailer's product line has not been reported, or where the over-collection of tax is attributable to exempt or nontaxable transactions or erroneous computations.

#### **SECTION 4. Termination of permit.**

**1. Abandonment.** A retailer may at any time abandon the use of a temporary or permanent classified permit upon written notice to Bureau. The permit will be deemed to be in full force until receipt by the Bureau of the written notice.

**2. Revocation.** A temporary or permanent classified permit may be revoked at any time by the Bureau upon 30 days written notice to the retailer.

**3. Transfer.** A classified permit is not transferable upon the sale of a business by the person to whom the permit was issued.

**AUTHORITY:** 36 MRSa §§112, 1951-A

**EFFECTIVE DATE:** September 24, 1953

Replaced: December 31, 1979

Amended: January 29, 2007