RESALE CERTIFICATES

This Bulletin is intended solely as advice to assist persons in determining and complying with their obligations under Maine tax law. It is written in a relatively informal style and is intended to address issues commonly faced by taxpayers with respect to the administration and proper use of resale certificates.

Taxpayers are responsible for complying with all applicable tax statutes and rules. Particular attention should be given to Maine Revenue Services Rule 301 (“Sales for Resale”). Although bulletins issued by Maine Revenue Services (“MRS”) do not have the same legal force and effect as rules, justifiable reliance upon this bulletin will be considered in mitigation of any penalties for any underpayment of tax due. This bulletin is current as of the last revision date shown at the end of the document.

The Sales and Use Tax Law is found in Part 3 of MRSA (“Maine Revised Statutes Annotated”) Title 36. Both Title 36 and all MRS rules may be seen by clicking on “laws and rules” on the MRS website.

1. “RETAILER CERTIFICATE” VERSUS “RESALE CERTIFICATE”

A. Retailer Certificate

There are two certificates issued by Maine Revenue Services that should not be confused. When a person applies to MRS for a sales tax registration, the person is issued a “Retailer Certificate” (previously referred to as a “seller’s” certificate). This certificate:

- Acknowledges that the person is registered with MRS for the collection and remittance of sales and use tax;
- Displays the sales tax registration number assigned to that person;
- Must be made available for inspection upon request of MRS or an authorized municipal official; and
- May not be transferred or assigned.

B. Resale Certificate

A “Resale Certificate,” a separate and different document from the “Retailer Certificate,” is issued only to taxpayers that qualify to receive one. This is the certificate that allows a retailer to make purchases for resale without paying the Maine Sales Tax on such purchases. A “Resale Certificate” will only be issued by MRS on initial application if the applicant meets the qualifications to receive one as discussed below. A copy of this “Resale Certificate” must be provided to a retailer’s supplier to support a claim that a purchase is exempt from sales tax since the goods or services will be resold by the retailer. (A facsimile of this certificate can be found at the end of this bulletin.)
2. ISSUANCE OF A RESALE CERTIFICATE

A. Provisional Resale Certificate

When a retailer first applies for a sales tax registration, the retailer will be issued a provisional resale certificate provided the applicant expects to receive $3,000 or more in gross sales proceeds over the next year. This certificate is valid from the date of issuance to December 31st of the third year from the date of issuance. If the certificate is issued between October 1st and December 31st, the certificate will be valid until December 31st of the fourth year from the date of issuance.

B. Renewal of Resale Certificate

MRS conducts an annual review of all active registered retailers to determine whether they qualify to receive a renewal of their “Resale Certificate” for the next period. “Resale Certificates” are automatically renewed to retailers that have reported $3,000 or more in gross sales during the previous 12 months.

Retailers that do not meet the $3,000 threshold may make a written request for an earlier review of their account and renewal of a resale certificate in the following situations:

1. The retailer has reported gross sales exceeding $3,000 during a more recent 12 month period, or

   Example: MRS’ review covered the 12 months beginning July 1, 2012, and ending June 30, 2013. A retailer did not receive a renewal since the sales during this period was $2,000. However, the retailer’s sales during December 2013 made its calendar year sales for 2013 amount to $4,000. The retailer can request a review of its account in January 2014 after filing its December 2013 sales tax return and ask for a new resale certificate.

2. The retailer can explain why temporary extraordinary circumstances caused gross sales for the period to be less than $3,000.

   Example: MRS’ review covered the 12 months beginning July 1, 2012, and ending June 30, 2013. A retailer did not receive a renewal since the sales during this period was $1000. On August 12, 2012, the retailer’s business was destroyed by fire. The business reopened on July 1, 2013. The retailer can request its denial to be reconsidered based on this information.

C. Incorrect Information on "Resale Certificate" or “Retailer Certificate”

If the information on either of these certificates is incorrect, such as spelling errors or mailing address, the retailer should contact MRS to correct the information. Please be aware that the business codes available to be issued by MRS are limited and may not exactly reflect the business type of the purchaser.
3. RETAILERS WITH ANNUAL GROSS SALES OF LESS THAN $3,000

In order to qualify to receive a “Resale Certificate,” the retailer must have reported $3,000 or more in gross sales during the previous 12 months. Those retailers not receiving a “Resale Certificate” must pay sales tax at the time of purchase even if the goods will be resold by the retailer.

When a retailer has paid a sales tax on goods that have been placed in inventory for resale, the retailer may claim a credit on the sales tax return for that period. If the credit exceeds the amount due that period, the retailer may elect to carry the credit to the next period or receive a refund. The line entitled “Credit for Sales Tax Paid on Goods Resold” must be used for this purpose.

4. RESPONSIBILITIES OF A RETAILER AS A “PURCHASER”

The “Resale Certificate” issued to a retailer must be kept by the retailer as an original. Copies should be made of the certificate portion only and provided to the retailer’s suppliers at the time of purchase. When a person purchases goods and claims to the seller that the purchase is exempt because the goods are being purchased for resale, that person must document that claim by providing the seller with a copy of its valid “Resale Certificate.” Without this documentation, the seller is required to collect sales tax if applicable to the products being purchased.

If a retailer purchases items for resale on a continuous basis from a particular supplier, the retailer is not required to supply a copy of the resale certificate for each individual sale. Instead, the retailer can use its current valid “Resale Certificate” on file with the supplier as a blanket certificate to cover all subsequent purchases for resale, as long as the certificate remains valid. The retailer must state to the supplier at the time of each sale that the particular purchase is exempt for resale and is covered by the certificate on file. When new “Resale Certificates” are issued, the retailer is responsible for providing copies to its suppliers to replace the certificate on file. Failure to do so will require the supplier to charge tax on purchases until a valid certificate is received.

5. RESPONSIBILITIES OF A RETAILER AS A “SELLER”

When a retailer receives resale certificates from its customers, the retailer must retain these certificates on file for a minimum of 6 years. No customer can make a claim for resale by simply providing an identification number. Claims for any sales tax exemption must be documented.

Customers who claim that their purchase is for resale must document that claim with a valid “Resale Certificate” issued by MRS. The “Resale Certificate” must be properly completed and signed by the customer certifying that the merchandise being purchased will be resold by it. If the date of the sale falls within the effective dates on the certificate, the certificate has been properly completed and the items purchased are items typically purchased for resale by the customer’s business type, the good faith of the seller will not be questioned. However, if the seller is aware of the fact that the customer is no longer in business or has reason to believe that the goods purchased will not be resold, the seller will be held responsible for the sales tax applicable to that transaction.
6. **SALES TO OUT-OF-STATE RETAILERS THAT DO NOT HAVE A MAINE SALES TAX ACCOUNT**

Maine retailers sometimes make sales to nonresidents who claim to be engaged in a retail business out-of-state. Sales for resale to these customers qualify for exemption but require some form of supporting documentation. The multi-jurisdictional “Uniform Sales & Use Tax Certificate” issued by the Multistate Tax Commission is an acceptable “resale certificate” for these customers to use. (A copy of this form can be found on MTC’s website at [http://www.mtc.gov/Resources.aspx?id=1592](http://www.mtc.gov/Resources.aspx?id=1592)). On this form, the customer confirms it is in a retail business and provides the sales tax registration number from its home state. A copy of a “resale certificate” or similar document issued by the purchaser’s home state is not valid in Maine. See Rule 301 for acceptable alternative documentation that would support tax-free sales to a nonresident retailer.

If an out-of-state retailer does have a Maine Sales Tax account but is not entitled to receive a “Resale Certificate,” it must pay the sales tax on the purchase of the merchandise and request a refund on its next sales tax return filed with MRS as described above.

7. **ADDITIONAL INFORMATION**

The information in this bulletin addresses some of the more common questions regarding the Sales and Use Tax Law faced by your business. It is not intended to be all-inclusive. Requests for information on specific situations should be in writing, should contain full information as to the transaction in question and should be directed to the:

**MAINE REVENUE SERVICES**
**SALES, FUEL & SPECIAL TAX DIVISION**
P.O. BOX 1060
AUGUSTA, ME  04332-1060
TEL: (207) 624-9693
V/TTY: 7-1-1

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Issued:  August 30, 2012
Last Revised:  October 9, 2013

(Published under Appropriation 010-18F-0002-07)
Sample of a Resale Certificate

Do not give out the original; make copies to distribute when you purchase for resale.
Do not confuse this with the “Retailer” certificate.

Purchaser’s business name will be printed here.

Purchaser’s Sales Tax Number

Valid Date of Certificate

Type of activity this business is engaged in

Purchaser enters a list of items to be purchased for resale

Enter Supplier’s name

Purchaser signs and dates the certificate

This certificate is valid September 01 2012 thru December 31 2014

This is to certify that the above named business is authorized to purchase tangible personal property for resale during the period identified on this certificate. This certificate cannot be reassigned or transferred and can only be used by the above business or its authorized employees. This certificate is void if the business has ceased operating or if the certificate has been altered.

The above named business certifies that the following items will be resold as tangible personal property in the ordinary course of their business.

Presented to: (insert name of seller on photocopy) (date) Presented by: Authorized Signature (purchaser) (date)