



MAINE BUREAU OF TAXATION

SALES/EXCISE TAX DIVISION

GENERAL INFORMATION BULLETIN

August 1, 1996

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NO. 85

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

Topics discussed in this issue

- { *Gross receipts tax abolished*
- { *Packaging materials exempt to movers*
- { *\$5 Recycling Assistance Fees abolished*
- { *Sales to Emergency Shelters exempt*
- { *Registration requirements of out of state sellers*
- { *New sales and use tax returns*
- { *Use of alternative returns*
- { *Sales & Use Tax Symposium*

GROSS RECEIPTS TAX ABOLISHED

Since July 1, 1993, all nursing homes have been subject to a 7% gross receipts tax on the total charge for patient care. This tax will be abolished on **January 1, 1997**. Nursing homes are also required to include a statement concerning the repeal of the 7% gross receipts tax on the first bill provided to consumers of those nursing homes in calendar year 1997 as well as prove to those consumers that the rates charged for nursing home care no longer include an amount related to the gross receipts tax.

Restaurants who are licensed for on-premises consumption of liquor have also been subject to this tax in lieu of sales tax. Since the gross receipts tax will be abolished, such restaurants will revert back to a 7% sales tax.

\$5 RECYCLING ASSISTANCE FEES ARE ABOLISHED

As reported last year, on January 1, 1996, the \$5 fee on major appliances and bathtubs was eliminated. Effective **January 1, 1997**, the \$5 fee on major furniture and mattresses will also be eliminated. Tires and lead-acid batteries remain subject to the \$1 fee.

SALES TO EMERGENCY SHELTER AND FEEDING ORGANIZATIONS EXEMPT

Effective **October 1, 1996**, all sales to incorporated nonprofit organizations that provide free temporary emergency shelter or food for underprivileged individuals in this State are exempt. Previous to this only household and sanitary supplies and food items which were otherwise taxable were exempt to such organizations.

PACKAGING MATERIALS EXEMPT TO MOVERS

Effective **August 1, 1996**, packaging materials such as containers, boxes, crates, wrappings, etc. sold to persons engaged in the business of packing, packaging, shipping **and** transporting property will be exempt. Previously, this exemption only applied to retailers who packaged the property which they sold or on which they performed a cleaning service.

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EXPANSION OF REGISTRATION REQUIREMENTS

Registration requirements for out-of-state sellers doing business in Maine was amended to include sellers that have a substantial physical presence in Maine sufficient to satisfy the requirements of the due process and commerce clauses of the United States Constitution. The amendment will effect businesses whose sales of tangible personal property in this state, even if only occasional, are accompanied either by delivery of the property in the business' own vehicles, or by on-site installation, maintenance or repair services.

NEW SALES AND USE TAX RETURN

As many of you have realized, the Bureau has recently revised the look of the sales and use tax return. This has been necessary to allow the return to be scanned and imaged by new technology this fall. The only change to the form was the inclusion of individual boxes for entries and a bar code.

The insert with the first return indicated that if the boxes were not used to leave them blank. Some taxpayers have interpreted this to mean that if there were no taxable sales, no entries are necessary on the form and have filed a blank return. The intent was that each block did not need a zero if a particular line was not used. However, gross sales and exempt sales must be filled in even if the result is zero taxable sales. Although we are examining other methods to file zero returns in the future, a zero should still be placed on line 1 where there were no gross sales in a given month.

USE OF ALTERNATIVE RETURNS

Taxpayer's must file the return which is sent to them by the Bureau for a variety of reasons: taxpayer specific information is pre-printed on the return; spaces and lines on the return must all be exactly as printed on the Bureau's form;

the bar code has specific information about the return; changes to the form are inevitable and many times unpredicted; distinguishing taxpayers by the return they file is not a function of our computer system; requiring taxpayers to constantly monitor changes in our form or else face penalties is not a responsibility the Bureau wants to place on the taxpayer.

Computer generated returns are not acceptable alternatives. Although the Bureau has been accepting these in the past, once the scanning process is in place, such returns will no longer be processed and most likely be returned. If you are currently using a facsimile return, you are advised to begin converting the information and filing the Bureau's form in order to avoid needless penalties.

SALES AND USE TAX SYMPOSIUM

As mentioned in our bulletin last year, the Division Director has been working on a comprehensive sales and use tax seminar focused on the small business. The goal for this past Spring was not met. However, plans have now been confirmed for August, September and October. As you can see from the attached, the symposium is now being offered in 7 locations across the state.

This symposium will be of interest to anyone faced with administering sales and use tax. The reference guide to be presented to each participant brings the law, Bureau determinations and informative points together in one publication. Seven hours of CPE credits will be available. Please see the next couple of pages for more information and registration.

Sales and use tax bulletins are now available on the Web. Check out the Bureau's WebPage @ <http://www.state.me.us/taxation>

**MAINE BUREAU OF TAXATION
SALES AND USE TAX SYMPOSIUM**

A comprehensive review of the sales and use tax law


*Presented by representatives from the Bureau of Taxation
Co-sponsored by the U.S. Small Business Administration*

August 28	Machias U of M, Torrey Hall, Rm 30	September 10	Augusta Senator Inn
September 4	Presque Isle Northeastland Hotel	October 8	Portland Verrillo's at Exit 8
September 5	Bangor Ramada Inn	October 9	Kittery Days Inn
September 6	Skowhegan Candlelight Restaurant		

Time for all locations: Registration 8:00-8:30 a.m. Program will begin at 8:30 a.m. and conclude at 4:30 p.m.

Cost: \$25 per person, includes a specially prepared sales tax reference guide, lunch and morning and afternoon refreshments.

Pre-registration: Pre-registration is required by mail and is being coordinated by the U.S. Small Business Administration. Please use the form below and make checks payable to SCORE/Sales Tax. Machias, Presque Isle, Bangor, Skowhegan and Augusta registrations are due by August 12, 1996. Portland and Kittery are due by September 16. Since an accurate count is necessary for the facility, no walk in registrations will be allowed. Refunds will be granted if cancellations are received no later than 1 week before the conference date. Substitutions are acceptable.

 **Program agenda:** See reverse side. Seven (7) hours of CPE credits will be available.

**MAINE BUREAU OF TAXATION
SALES AND USE TAX SYMPOSIUM**

Company Name _____ Telephone No. _____

Person(s) attending: _____

Address (Street, City, Zip) _____

Symposium Location Machias Presque Isle Bangor Skowhegan
 Augusta Portland Kittery

attending _____ @ \$25/person = \$ _____

Please make checks payable to **SCORE/Sales Tax** and mail to:

Small Business Administration
attn: Pat Knowles
40 Western Avenue, Room 512
Augusta, ME 04330

Program Agenda

1. ***Overview***
Sales and Use tax history; statute definitions
2. ***Sales Price***
Sales price defined; what is included and excluded; what services are part of the sales price; discounts; returned merchandise; transportation charges
3. ***Services***
Rental of living quarters; telecommunications; extended cable television; fabrication charges; custom computer programming; rentals and leases
4. ***Exemptions***
Exempt commodities; exempt services; nonprofit organizations; exempt establishments; casual sales; interstate sales; manufacturing
5. ***Retailer responsibilities***
Registration; collection of taxes; reporting procedures; recordkeeping; exempt sale documentation
6. ***Audits, Assessments, Appeals and Enforcement***
Interest; penalties; demands; liens; taxpayer rights
7. ***U.S. Small Business Administration***
The SBA will be presenting information on new SBA loan programs and other assistance for small and very small businesses