



MAINE REVENUE SERVICES

SALES, FUEL & SPECIAL TAX DIVISION

GENERAL INFORMATION BULLETIN

September 13, 2003

NO. 93

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

CURRENT LEGISLATIVE CHANGES

TAX AMNESTY

The Legislature enacted the 2003 Tax Amnesty Program open to most taxpayers who owe Maine taxes. If you owe Maine taxes and pay all of the tax plus one-half of the interest due, the remaining interest and all of the penalties will be waived.

The Maine Amnesty Program will run September 1, 2003 through November 30, 2003 and are for debts relating to taxes administered by Maine Revenue Services. The program is further limited to returns that were required to be filed before September 1, 2003. You may not apply for Amnesty if your case has been referred to the Attorney General for criminal prosecution or if you have outstanding civil warrants or judgments against you. For more information, call (207) 624-9595 or refer to MRS' website.

SALES TO QUALIFYING DEVELOPMENT ZONE BUSINESSES

Two new exemptions were enacted which do not take effect until July 1, 2005. One for the sale of tangible personal property sold to qualifying development zone businesses for use directly and primarily in qualifying business activities and the other for sales to those engaged in construction contracts with qualified development zone businesses for tangible personal property to be incorporated into the realty of these qualified businesses. More information on these exemptions will be provided prior to the effective date.

STATUTE OF LIMITATIONS

Maine law provides that MRS can make an assessment for any underpayment of tax within 3 years from the date the return was filed or was required to be filed. Additionally, an assessment may be made within 6 years from the date the return was filed if the liability reported is less than one-half of the tax liability determined to be due. Effective January 1, 2003, legislation removed the phrase "and the additional liability is due to information which was required to be reported but was not reported in the return" and replaced it with the following:

"In determining whether the 50% threshold provided by this paragraph is satisfied, the assessor may not consider any portion of the understated tax liability for which the taxpayer has substantial authority supporting its position."

CERTAIN EQUIPMENT TO PRODUCE RADIO AND TELEVISION SIGNALS EXEMPTION POSTPONED TO 2005

The effective date for the sales and use tax exemption on machinery and equipment used in the generation of radio and television signals has been postponed from June 30, 2003 to June 30, 2005.

NEW EXEMPTION FOR CERTAIN NONPROFIT ORGANIZATIONS

Effective June 12, 2003, sales to incorporated nonprofit organizations providing temporary residential accommodations, or food, or both, to hospital patients or to the families of hospital patients are exempt.

REPORTING OF USE TAX BY INDIVIDUALS

When an individual has use tax to report on taxable purchases, the individual has been able for a number of years to report the use tax on its individual income tax return. From time to time and from a variety of sources, MRS is made aware of large purchases made by Maine residents and issues assessments for the use tax due. This conflict with the individual's ability to report the tax on the income tax return presented an inequity in the statute which allowed the postponement of the use tax liability to as much as 16 months after the purchase. Legislation rectified this by requiring the reporting of use tax on large purchases, those with a purchase price of greater than \$5000.00, by the 15th of the month following its purchase. Use tax on items costing \$5000 or less can continue to be reported on the individual's income tax return. Individuals can remit use tax on large purchases by submitting their tax with a letter of explanation. MRS is in the processing of creating a form that will be accessible on our website. This form could be printed and used by the individual as a remittance form.

PREVIOUS LEGISLATION NOW TAKING EFFECT

Some sales tax related exemptions were enacted during last year's legislative session but do not take effect until 2003.

- Effective July 1, 2003, leases of motor vehicles, semitrailers, aircraft, truck bodies and trailers manufactured in Maine and camper trailers, including truck campers, to a nonresident for immediate removal from Maine are exempt from sales tax. This exemption does not apply to short term rentals of automobiles.

OTHER NEWS AND INFORMATION

UPCOMING SALES AND USE TAX SYMPOSIUMS

In an effort to provide education more often throughout the year, we are offering sales and use tax symposiums each month, rotating them among Augusta, Bangor and Portland. Seminars will be scheduled in Aroostook County on an as needed basis.

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| September 23 | Spectacular Event Center 395 Griffin Rd, Bangor, ME | www.spectaculareventcenter.com |
| October 29 | Augusta Civic Center Civic Center Drive, Augusta, ME | www.augustaciviccenter.org |
| November | Portland area Unscheduled at time of printing | |
| December | Bangor area Unscheduled at time of printing | |

The Maine Tax Forum will be held on October 29 and October 30 at the Augusta Civic Center.

Registration forms are mailed out quarterly to all retailers and are also available on our website.

Additional information about these and other issues you may have should be directed to: Maine Revenue Services, Sales, Fuel and Special Tax Division, P. O. Box 1065, Augusta, ME 04333-1065. Tel: (207) 624-9693 TTY: (207) 287-4477.