



MAINE REVENUE SERVICES

SALES, FUEL & SPECIAL TAX DIVISION

INSTRUCTIONAL BULLETIN NO. 24

VEHICLE DEALERS

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 vehicle dealers with respect to sales and leases of various vehicles.

Taxpayers are responsible for complying with all applicable tax statutes and rules. Although Maine Revenue Services ("MRS") bulletins 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 Title 36 of the Maine Revised Statutes ("M.R.S."). Title 36, MRS rules, instructional bulletins and affidavits referenced in this bulletin may be viewed on the MRS website, www.maine.gov/revenue.

The following instructions relate to sales and leases of motor vehicles, snowmobiles, all-terrain vehicles ("ATVs"), tractors, semitrailers, trailers, truck campers, aircraft, and watercraft. As used in this bulletin, the term "vehicle" generally includes all of these kinds of property, unless otherwise noted.

1. TAXABLE SALES

A. SALE PRICE ON WHICH TAX IS BASED. The statutory definition of "sale price" includes "any consideration for services that are part of a retail sale." See 36 M.R.S. § 1752(14)(A). Based on this provision of the law, all charges imposed by a dealer for services that are part of the sale are considered part of the sale price of the vehicle and are subject to the sales tax. Examples of charges that are considered part of the sale price and subject to sales tax include:

- "Processing fees" or "documentation fees."
- Manufacturers' and importers' excise taxes.
- Rustproofing, protection packages, installation of accessories, and other additional work performed on the vehicle.
- Manufacturer's rebates. No deduction is allowed from the sale price for manufacturer's rebates. The fact that the rebate is assigned by the purchaser to the dealer does not change whether the rebate is subject to sales tax.

B. EXCLUSIONS FROM SALE PRICE. Certain items are excluded from the sale price of the vehicle and are therefore not subject to sales tax. See 36 M.R.S. § 1752(14)(B).

"Sale price" does not include:

- Discounts allowed by the dealer and taken on sales, including dealer rebates.
- Services provided after the customer takes delivery and after passage of title.

- Federal Luxury Tax and other retailers' excise taxes.
- Any charge, deposit, fee or premium imposed by a law of this State, such as:
 - The Recycling Assistance Fee;
 - Lead-acid battery deposits imposed pursuant to 38 M.R.S. § 1604(2-B);
 - Fees imposed pursuant to 10 M.R.S. § 1169(11) for the "Lemon Law" arbitration program and consumer mediation service;
 - Title or encumbrance fees; or
 - State Inspection Fees.
- Separately stated finance charges.
- Extended warranties (see Section 6(B) for more information).
- Credit life insurance and gap insurance.

C. RETURNED MERCHANDISE. When a vehicle or part is returned by a customer for a full refund, the sales tax is fully refundable to the customer. See 36 M.R.S. § 1752(14)(B)(3). If a vehicle or part is returned and the customer receives only a partial refund of the sale price, no sales tax is refundable to the customer, unless the partial refund is made pursuant to the terms and conditions of a warranty. (See Section 6 for more information on warranties). For example, if a customer returns a defective tire after having used the tire for a period of time, and the terms of the warranty are such that after specified periods of use, the warranty will cover only a certain percentage of the original purchase price, the sales tax is refundable based upon the amount actually refunded to the customer. The tax previously reported by the dealer can be recovered by reducing Line 1 ("Gross Receipts") on a subsequent Sales and Use Tax Return. Under any other circumstances, partial sale price refunds do not result in a refund of any portion of the sales tax.

2. EXEMPT SALES

Vehicles that are sold exempt from tax for any of the reasons noted below must be listed by the dealer on the Dealer's and Lessor's Supplemental Report ("STMV-8"). The burden of proving that a sale is exempt is on the person making the sale. This burden of proof will be met if the dealer obtains in good faith from the purchaser a certificate of exemption issued by MRS, or signed affidavit, when applicable. The good faith requirement is not met if the dealer knows or could reasonably infer that: (1) the purchaser is not the rightful holder of the certificate of exemption, (2) the certificate of exemption has been revoked or is otherwise invalid as of the time of sale, or (3) the vehicle does not qualify for the exemption as identified on the presented affidavit.

The reason for exemption must be noted on the dealer's STMV-8 on which the sale or lease is reported as exempt, including the exemption number where applicable. Affidavits, when applicable, must be obtained to support the exempt sale. The dealer must retain sufficient information to verify the exemption in its business records.

A. SALES TO THE GOVERNMENT AND TO GOVERNMENT AGENCIES. Sales made directly to the federal government, the State of Maine, and political subdivisions of the State of Maine are exempt from sales tax. See 36 M.R.S. § 1760(2). Sales to other states and their agencies and subdivisions are taxable, unless another exemption applies.

Sales to foreign governments and their missions and personnel may or may not be exempt from Maine sales tax. For more information on this subject, see the website maintained by the US

Department of State, Office of Foreign Missions, Tax Program at www.state.gov/ofm/tax/ or check the online verification program for retailers maintained by the Department of State at <https://ofmapps.state.gov/tecv/>.

For more information on government and exempt organization sales generally, see Rule 302 ("Sales to Government Agencies and Exempt Organizations") and Instructional Bulletin No. 36 ("Exempt Organizations and Government Agencies").

B. SALES TO EXEMPT ORGANIZATIONS. The Sales and Use Tax Law provides specific exemptions for sales to various organizations such as hospitals, schools, regularly organized churches or houses of religious worship, and a number of other types of organizations. For more information, see Rule 302 ("Sales to Government Agencies and Exempt Organizations") and Instructional Bulletin No. 36 ("Exempt Organizations and Government Agencies"). Organizations that qualify for exemption must obtain exemption certificates from MRS in accordance with Rule 302, and sales should be made tax-free to these organizations only when the purchaser furnishes a copy of its exemption certificate to the dealer. The exemption does not apply to purchases by the clergy, staff, or employees of exempt organizations in their personal capacities (i.e., purchases not made on behalf of the exempt organization).

Copies of purchase orders, invoices, or sales slips, and a copy of the purchaser's exemption certificate must be kept by the dealer in order to substantiate sales to exempt organizations. The exemption number of the organization must be indicated on the STMV-8. See Rule 302 ("Sales to Government Agencies and Exempt Organizations") for important additional information regarding specific documentation requirements that apply depending on the method of payment.

C. CERTAIN SALES AND LEASES. As used in this subsection, the term "automobile" includes a pickup truck or van with a gross vehicle weight rating of 10,000 pounds or less and an ATV. Note, however, that for the short-term rental of automobiles and associated parts and operating supplies for automobiles in subparagraph 8, "automobile" includes pickup trucks and vans weighing less than 26,000 pounds.

(1) Sales to automobile dealers of dual-controlled automobiles used in driver training programs. See 36 M.R.S. § 1760(21).

(2) Sales of loaner vehicles to a new vehicle dealer licensed as such pursuant to 29-A M.R.S. § 953. See 36 M.R.S. § 1752(11)(B)(8). The term "loaner vehicle" means an automobile to be provided to the dealer's service customers for short-term use free of charge pursuant to the dealer's franchise as defined in 10 M.R.S. § 1171(6). This exclusion from a taxable retail sale does not apply when the dealer arranges for a customer to lease an automobile from a third party, even if arranged pursuant to a warranty.

The use of a loaner vehicle by a new vehicle dealer as defined in 29-A M.R.S. § 851(9), provided to a service customer pursuant to a manufacturer's or dealer's warranty, is also exempt from sales tax pursuant to 36 M.R.S. § 1760(21-A).

(3) Sales of automobiles to amputee and blind veterans. See 36 M.R.S. § 1760(22). A sale of an automobile to a person in military service is treated the same way as a sale to a civilian. However, the sale of an automobile to an amputee or blind veteran is exempt when the veteran has provided the dealer with a letter from the Veterans Administration certifying that he or she

qualifies for free registration pursuant to 29-A M.R.S. § 523(1). A qualifying veteran may own only one exempted automobile. The exemption for amputee or blind veterans does not apply to rented or leased vehicles.

(4) Sales of certain adaptive equipment. See 36 M.R.S. § 1760(95). Sales of adaptive equipment to be installed in or on a motor vehicle to make that vehicle operable or accessible by a person with a disability are exempt from sales tax. The purchase must be made by or at the request of someone issued a disability plate or placard by the Secretary of State pursuant to 29-A M.R.S. § 521.

When a retailer sells a motor vehicle and also provides the service of installing or sub-contracting for the installation of adaptive equipment prior to delivering the vehicle to the customer, the value of the adaptive equipment must be separately stated from the value of the motor vehicle on the invoice to the customer. The value of the adaptive equipment should not be included in the purchase price of the vehicle as reported on the STMV-8. A completed Affidavit for Purchase of Adaptive Equipment (ST-A-124) signed by the purchaser must be retained by the dealer to document the exempt sale.

Where the value of the adaptive equipment is not separately stated, but invoiced as one bundled price, the entire amount charged to the customer is taxable and should be reported as the purchase price of the vehicle on the STMV-8.

(5) Sales or leases of the following items to nonresidents for immediate removal from Maine: motor vehicles (including snowmobiles and ATVs), semi-trailers, aircraft, camper trailers, and truck campers. See 36 M.R.S. § 1760(23-C). The sale or lease in Maine of the above vehicles to a person that is not a resident of Maine, where the vehicle is intended to be driven or transported outside the State immediately upon delivery. If the purchaser or lessee is an individual, he or she must be domiciled in (that is, be a legal resident of) a state or country other than Maine. If the purchaser or lessee is a corporation or other business entity, it must maintain a commercial domicile in (that is, be headquartered in) a state or country other than Maine to qualify for the exemption.

This exemption does not apply to motor vehicles, camper trailers, or truck campers rented or leased for a period of less than one year.

At the time of the sale or lease, the dealer and the purchaser or lessee must complete an Affidavit of Exemption for Immediate Removal (ST-A-106) for motor vehicles, semitrailers, aircraft, camper trailers, and truck campers.

(6) Sales to nonresidents of watercraft that are removed from Maine within 30 days. See 36 M.R.S. § 1760(25). Sales to nonresidents of watercraft that are removed from Maine within 30 days of delivery, including sales of materials to be incorporated in the watercraft for the repair, alteration, refitting, reconstruction, overhaul, or restoration of that watercraft.

If a watercraft purchased by a nonresident remains in Maine for more than 30 days for a purpose other than temporary storage during the first 12 months of ownership, the exemption applies only to 60% of the sale price of the watercraft. "Temporary storage" includes winter storage days and days when the watercraft is being repaired.

At the time of the sale, the dealer and the purchaser must complete an Affidavit of Exemption for Watercraft (ST-A-113).

When a watercraft and trailer are sold together as a "package" to a nonresident for immediate removal from the State, the portion of the sale price attributable to the trailer must be separately stated and sales tax collected on that amount. If the watercraft qualifies for the 60% exemption mentioned above, the exemption applies only to the watercraft and not to the trailer.

(7) Sale or lease of certain motor vehicles to qualifying resident businesses. See 36 M.R.S. § 1760(23-D). The sale or lease of a motor vehicle (except an automobile rented for a period of less than one year, or an ATV or snowmobile) to a qualifying resident business if the vehicle is intended to be driven or transported outside the State immediately upon delivery, and is intended to be used exclusively in the qualifying resident business's out-of-state activities.

For purposes of this exemption, "qualifying resident business" includes any individual, association, society, club, general partnership, limited partnership, limited liability company, trust, estate, corporation or any other legal entity that: (1) is organized under the laws of Maine or has its principal place of business in Maine; and (2) conducts business activities from a fixed location or locations outside of Maine.

If the vehicle is not used exclusively in the qualifying resident business's out-of-state business activities or is registered for use in Maine within 12 months of the date of purchase or lease, the person seeking registration is liable for use tax on the basis of the original purchase price.

At the time of the sale or lease, the dealer and the purchaser or lessee must complete an Affidavit of Exemption for Immediate Removal (ST-A-106) for motor vehicles, semitrailers, aircraft, camper trailers, and truck campers.

(8) Sales of automobiles for short-term rental or lease. See 36 M.R.S. § 1752(11)(B)(3). Sales of automobiles that are to be rented or leased on a short-term basis, including integral parts and accessories sold for use in an automobile rented on a short-term basis. "Short-term" means a period of less than one year.

The statutory exclusion applicable to automobiles for short-term rentals also applies to pickup trucks and vans with a gross vehicle weight of less than 26,000 pounds.

The dealer must obtain a Certificate of Exemption To Purchase an Automobile, Camper Trailer or Motor Home for Lease or Rental (ST-A-109) when making sales of automobiles for rental or lease.

(9) Sales of automobiles for long-term rental or lease. See 36 M.R.S. § 1752(11)(B)(5). Sales of automobiles that are to be rented or leased on a long-term basis. "Long-term" means a period of one year or more. Sales of integral parts and accessories sold for use in an automobile rented on a long-term basis *are not* exempt.

The dealer must obtain a Certificate of Exemption To Purchase an Automobile, Camper Trailer or Motor Home for Lease or Rental (ST-A-109) when making sales of automobiles for rental or lease.

(10) Vehicles used in interstate or foreign commerce. See 36 M.R.S. § 1760(41-A). This exemption applies to railroad rolling stock, aircraft, watercraft, and vehicles, including trailers and semitrailers.

The exemption applies only to a vehicle that meets the following criteria:

- It must be placed in use by the purchaser as an instrumentality of interstate or foreign commerce within 30 days of purchase (MRS may extend this period to 90 days for good cause).
- It must be used in interstate or foreign commerce on 80% of the days it is in use during the 2 years following the date of purchase.
- It must be used **by the purchaser** using its own Interstate Operating Authority number issued by the Federal Motor Carrier Safety Administration, hauling exempt commodities or hauling its own goods in a non-transportation business.

For purposes of this provision, "use by the purchaser" includes:

- Carrying or providing the motive power for the carrying of a bona fide payload;
- Being dispatched to a specific location at which the property will be loaded with a bona fide payload or the property will be used as motive power for the carrying of a bona fide payload;
- The use of a trailer, semitrailer, or tow dolly (as defined in Title 29-A, section 101) pursuant to a written interchange agreement between the purchaser and another authorized motor carrier.

This exemption does not apply to vehicles that are leased or that are operating under another person's Interstate Operating Authority, unless a trailer, semitrailer, or tow dolly as explained above.

Dealers and purchasers must complete an Interstate Commerce Exemption Affidavit (ST-A-111) at the time of the sale. The dealer must forward a copy of the affidavit to MRS along with the sales tax return for that period. A copy of the affidavit must be retained by the dealer along with the STMV-8 on which the sale is claimed to be exempt. See Rule No. 318 ("Instrumentalities of Interstate or Foreign Commerce") for additional information.

(11) Sales or leases of aircraft and sales of repair and replacement parts used exclusively in aircraft. See 36 M.R.S. § 1760(88-A). This exemption sunsets on June 30, 2033.

(12) Short-term automobile rentals to service customers of new vehicle dealers. See 36 M.R.S. § 1760(92). The rental of an automobile for a period of less than one year to the service customer of a new vehicle dealer if the rental is pursuant to a manufacturer's or new vehicle dealer's warranty and the rental fee is paid by the new vehicle dealer or warrantor.

Dealers must provide a properly completed Affidavit Regarding Lease of Automobile for Service Customer (ST-A-101) to the rental company. This affidavit can be used as an individual certificate for each rental transaction or may be used as a blanket certificate to cover all rentals by the dealer from the rental company. In either case, the dealer is responsible for any tax on the rental in the event the rental ultimately does not meet the requirements of the exemption.

(13) Sales of camper trailers and motor homes for rental. See 36 M.R.S. § 1752(11)(B)(16). Sales of motor homes or camper trailers to a person engaged in the business of renting or leasing motor homes or camper trailers. This exclusion applies only if the motor homes or camper trailers are rented or leased as tangible personal property. If, instead, the motor homes or camper trailers are used to provide the rental of living quarters, the purchase of the motor homes or camper trailers do not qualify for the exclusion and are subject to sales tax.

The dealer must obtain a Certificate of Exemption To Purchase an Automobile, Camper Trailer or Motor Home for Lease or Rental (ST-A-109) when making sales of motor homes or camper trailers for rental or lease.

D. OUT-OF-STATE DELIVERY BY DEALER. The sale of a vehicle where the retailer delivers the vehicle to the customer at a point outside this State is exempt from sales tax. See 36 M.R.S. § 1760(82). The dealer must complete an Affidavit of Exemption (ST-A-107) to support the out-of-state delivery. The affidavit must be signed by the person making the delivery, not by the customer, and must be completed at the time of delivery.

Note: If the vehicle subsequently returns to Maine, the purchaser may become liable for use tax based on the original sale price.

A transaction involving an out-of-state delivery should be distinguished from one involving a nonresident purchaser who removes a vehicle from the State immediately upon delivery as explained in Paragraph C(5) above. The dealer must use the proper affidavits to support the applicable exemption.

E. SALES OF MACHINERY AND EQUIPMENT FOR USE IN COMMERCIAL AGRICULTURAL PRODUCTION, COMMERCIAL WOOD HARVESTING, COMMERCIAL FISHING, OR COMMERCIAL AQUACULTURAL PRODUCTION. Sales of depreciable machinery and equipment and repair parts for qualifying machinery and equipment used in commercial agricultural production, commercial wood harvesting, commercial fishing, or commercial aquacultural production are exempt from sales tax if the purchaser has a Certificate of Exemption card issued by MRS. See 36 M.R.S. § 2013. **Sales of motor vehicles (including snowmobiles and ATVs) and trailers designed for highway use do not qualify for this exemption or for refund under any circumstances.**

Sales of watercraft that are suitable for use in commercial fishing or commercial aquacultural production, farm tractors, and other farm equipment may qualify for exemption under this provision. If a person is purchasing equipment which is not ordinarily used exclusively in the exempt commercial activity, such as a front-end loader or a lawn and garden tractor, tax must be paid at the time of purchase and the purchaser may request a refund of the sales tax directly from MRS.

A copy of the purchaser's Certificate of Exemption card and a completed Affidavit of Exemption for Purchases of Electricity, Fuel, or Depreciable Machinery or Equipment for use in Commercial Agricultural Production, Commercial Fishing, Commercial Aquacultural Production, or Commercial Wood Harvesting (ST-A-126) signed by the purchaser must be retained by the dealer to document the exempt sale. For further information regarding sales of machinery and equipment for use directly in commercial agricultural production, commercial wood harvesting, commercial fishing or commercial aquacultural production, see Rule 323 ("Commercial Agricultural Production, Commercial Aquacultural Production, Commercial Fishing, and Commercial Wood Harvesting")

and Instructional Bulletin No. 59 ("Commercial Agricultural Production, Commercial Aquacultural Production, Commercial Fishing and Commercial Wood Harvesting").

3. TRADE-INS

When one or more of the items listed in 36 M.R.S. § 1765 are traded in toward the purchase of another item of the same kind (i.e., motor vehicle traded for a motor vehicle, watercraft for a watercraft, etc.), the tax is levied only on the difference between the sale price of the purchased item and the trade-in value allowed for the item or items taken in trade. The trade-in allowance in section 1765 does not apply to transactions between dealers involving exchange of the property from inventory.

If any item of one kind is traded in toward the purchase of an item of another kind (i.e., a motor vehicle is traded in toward the sale price of a watercraft, or a camper trailer is traded in toward the sale price of a motor home), no credit for trade-in is allowed, and the tax applies to the entire sale price. No credit for trade-ins is allowed on leased vehicles (unless the lease is a lease in lieu of purchase). See Sections 4 and 5 of this bulletin for more information on leases and rentals.

If any other property is traded towards one of the items listed in Section 1765, tax applies to the entire sale price, including any allowance for trade-in. For example, if a refrigerator is traded in towards the purchase of a watercraft, no trade-in credit is allowed, and the tax is based on the entire sale price of the watercraft, without any deduction for the value of the refrigerator.

A. MOTOR VEHICLES. In transactions involving motor vehicles, the allowance for trade-in applies only when both vehicles are self-propelled and are designed for the conveyance of passengers or property on the public highway. See 36 M.R.S. § 1752(7). For trade-in purposes, ATVs and snowmobiles are included within the definition of "motor vehicles" and may be traded against any other type of motor vehicle.

The term "motor vehicle" includes equipment that is permanently attached to, and sold as one unit with, a motor vehicle. Common examples are cranes, shovels, and cement mixers. "Permanently attached" means that the components are physically joined together in a secure fashion and that they are not meant to be used independently.

Please note: trailers and truck campers do **not** qualify as motor vehicles. Trailers do not qualify because they are not self-propelled. Slide-in truck campers do not qualify because they can be used independently. They are not an accessory (or part) of a truck. If a truck with a slide-in camper is traded in on the purchase of a truck without a slide-in camper, any trade-in allowance given for the slide-in truck camper is not creditable against the sales tax.

B. SPECIAL MOBILE EQUIPMENT. Special mobile equipment includes any self-propelled vehicle **not** designed or used primarily for the transportation of persons or property. See 36 M.R.S. § 1752(14-B). Common examples of special mobile equipment include bulldozers, front-end loaders, forklifts, lawn tractors, farm tractors, backhoes, cranes, and equipment used to harvest lumber, such as skidders, crawler tractors, feller bunchers, and log loaders. Special mobile equipment must be self-propelled and intended to be driven by someone, and thus does not include "walk-behind" units. Special mobile equipment, like a crane, that is permanently attached to a motor vehicle and sold as one unit is considered a part of the motor vehicle. See paragraph A above.

C. TRAILERS. "Trailer" is defined as "a vehicle without motive power and mounted on wheels that is designed to carry persons or property and to be drawn by a motor vehicle and not operated on tracks." See 36 M.R.S. § 1752(19-A). "Trailer" includes a park model home, a camper trailer as defined in 36 M.R.S. § 1481(1-A), utility trailers, recreational vehicle trailers, livestock trailers, horse trailers, and boat trailers. When a trailer of any type is traded in toward the purchase of another trailer of any type, a trade-in credit is allowed.

D. WATERCRAFT. A trade-in allowance is allowed when a watercraft is traded in toward the purchase of another watercraft. An attachment or accessory to the watercraft (an outboard motor, for example) is considered a part of the watercraft when sold or traded. See 36 M.R.S. § 1752(24). A trailer does not qualify for trade-in allowance when traded in, either separately or together with a watercraft, toward the purchase of a watercraft. However, a trailer traded in toward the purchase of another trailer does qualify for the trade-in credit, as noted in paragraph C above.

4. LEASES AND RENTALS OF AUTOMOBILES, CAMPER TRAILERS, MOTOR HOMES

The rental or lease of an automobile, a camper trailer, and a motor home is subject to sales tax. However, the sale price for the rental or lease differs depending on the type of vehicle and on the duration of the lease. This section provides information on how short-term and long-term rentals and leases of different types of vehicles are treated for sales and use tax purposes.

A. LEASES AND RENTALS OF AUTOMOBILES

(1) General definition. The term "automobile," as noted in section 2(C) above, includes pickup trucks and vans with a gross vehicle weight rating of 10,000 pounds or less and ATVs.

(2) Short-term leases or rentals of automobiles. "Short-term" means a lease or rental period of less than one year. Under 36 M.R.S. § 1811, short-term rentals of automobiles are taxed at a separate, higher rate than the general sales tax rate. A dealer that makes short-term rentals of automobiles may purchase the automobiles free of tax and must collect tax on each rental payment. See Section 2(C)(8) above. Notwithstanding the basic definition of "automobile", the short-term rental rate also applies to the rental of pickup trucks and vans with a gross vehicle weight of up to 26,000 pounds, but only when the rental or lease is by a person engaged primarily in the business of renting automobiles. The short-term rental rate does not apply to vehicles with more than four wheels, motorcycles, motor homes, or pickup trucks and vans weighing 26,000 pounds or more.

All rental payments made pursuant to rental agreements executed in Maine are subject to tax even when those automobiles will not be used exclusively in Maine. The tax is based on the value of the rental, which means the total rental charged to the lessee for time, mileage, and any other fees or services associated with the rental, without any deduction for separately itemized charges. Separately stated fees associated with the rental of the vehicle that are taxable include, but are not limited to, the following:

- Maintenance and service contracts;
- Drop-off or pick-up fees;
- Airport surcharges;
- Intercity fees;

- One-way charges;
- Collision damage or loss damage waiver ("CDW" or "LDW") charges;
- Young driver charges;
- Additional driver charges;
- Additional keys;
- Mileage fees;
- Cost recovery fees, such as license recover fees, concession recovery fees, title or registration fees, and other governmental fees;
- Rental of additional equipment such as infant seats, ski racks, GPS systems, or toll transponders (e.g. E-Z Pass);
- Cleaning fees.

Separately stated fees that are not associated with the rental of the vehicle include, but are not limited to:

- Reimbursement of toll charges;
- Charges for goods and services sold after the rental has terminated (such as fuel sales); and
- Sales of optional insurance coverage for the protection of the lessee or of the lessee's personal property (such as additional liability insurance, personal accident insurance, or personal effects protection).

Dealers should supply their vendors with a Certificate of Exemption To Purchase an Automobile, Camper Trailer or Motor Home for Lease or Rental (ST-A-109) when purchasing automobiles for rental purposes.

(3) Loaner vehicles. "Loaner vehicle" means an automobile that will be provided to a new vehicle dealer's service customers for short-term use free of charge pursuant to the dealer's franchise as defined in 10 M.R.S. § 1171(6). See 36 M.R.S § 1752(5-C). See also Section 2(C)(2) above.

When a loaner vehicle is provided for the short-term use of a *non*-warranty customer, sales or use tax must be remitted at the statutory rate specified for the short-term rental of automobiles in 36 M.R.S. § 1811. If the dealer does not charge the customer, a rental charge of \$30 per day must be imputed, and use tax is due, calculated by multiplying the statutory tax rate by the imputed daily rental charge. If the dealer charges the customer for the use of the vehicle, sales tax at the statutory tax rate is due on the total rental charge. In the event that a loaner vehicle needs to be repaired while the vehicle is part of the dealer's loaner fleet, the purchase or use repair parts by the dealer are subject to sales and use tax if the repairs are not covered by a manufacturer's warranty.

(4) Long-term leases or rentals of automobiles. Long-term rentals of automobiles are subject to the general sales tax rate established by 36 M.R.S. § 1811. "Long-term" means a period of 12 months or more. As noted above, the term "automobile" includes pickup trucks and vans with a gross vehicle weight rating of 10,000 pounds or less. It does not include vehicles with more than 4 wheels, motorcycles, campers, motor homes, or pickup trucks and vans with a gross vehicle weight rating of more than 10,000 pounds.

The full amount of sales tax is due in the month the lease begins. The tax base consists of the total monthly lease payments plus the equity of any trade-in plus any cash down payment.

The amount of total monthly lease payments is determined by multiplying the dollar amount of each lease payment by the number of payments in the lease term. Taxes, such as excise taxes and sales taxes, are allowable exclusions from the tax base when separately identifiable. Supplemental services such as registration fees, life/disability insurance, gap insurance, and management services are excluded only if separately stated from the lease payment. A fee charged when the lessee opts to return a vehicle to the lessor rather than exercising the option to purchase it (sometimes called a "disposition fee") is not subject to sales tax.

"Equity of any trade-in" is the value of any trade-in that reduces the cost of the lease. The trade-in credit in 36 M.R.S. § 1765 does not apply to long-term lease transactions.

"Cash down payment" means any initial cash payment that reduces the cost of the lease, including rebates that are applied to the lease, but does not include any lease pre-payments or sales tax, excise tax, registration fees, and other required "up front" costs that are disbursed by the lessor.

Nonresidents of Maine that enter into a long-term lease of an automobile with a Maine dealer should sign and provide to the dealer an Affidavit of Exemption for Immediate Removal (ST-A-106) stating that they are going to immediately remove the automobile from the State. The dealer need not collect sales tax on the lease transaction if the dealer has a properly completed affidavit, provided the dealer took the affidavit in good faith. If the dealer knew or had reason to know that the purchaser did not intend to immediately remove the automobile from the State, or was not a nonresident at the time of the purchase, the dealer may be liable for the tax. See Section 2 (C)(5) above.

B. LEASES AND RENTALS OF CAMPER TRAILERS AND MOTOR HOMES. The rental or lease of a camper trailer or a motor home is a taxable service subject to the general sales tax rate established by 36 M.R.S. § 1811. "Camper trailer" means a camper trailer as defined in 36 M.R.S. § 1481(1-A). "Motor home" means a motor home as defined in 29-A M.R.S. § 101(40). "Motor home" does not include a mobile home.

A dealer or lessor that makes rentals of motor homes and camper trailers may purchase the vehicles free of tax and must collect tax on each rental payment.

The statutory definition of "retail sale" excludes the sale of a camper trailer or a motor home to a person engaged in the business of renting these items. This exclusion applies only if the motor homes or camper trailers are rented or leased as tangible personal property. If, instead, the motor homes or camper trailers are used to provide the rental of living quarters, the purchase of the motor homes or camper trailers do not qualify for the exclusion and are subject to sales tax.

Note: A campground rental that may include the use of a motor home or camper trailer owned by the campground is the rental of living quarters, and is subject to the higher rate as established in 36 M.R.S. § 1811.

Businesses are not required to pay sales tax or accrue use tax when purchasing motor homes and camper trailers for subsequent rental or when withdrawing a unit out of resale inventory for rental.

If a camper trailer or motor home is sold after having been rented for a period of time, the sale is subject to sales tax.

C. LEASES AND RENTALS OF VEHICLES OTHER THAN AUTOMOBILES, CAMPER TRAILERS, AND MOTOR HOMES. The following information is applicable only to vehicles other than automobiles, camper trailers, and motor homes (unless otherwise noted). Different types of leases have different tax consequences. Dealers involved in any of the following leases of vehicles other than automobiles, camper trailers, or motor homes should refer to Instructional Bulletin No. 20 ("Lease and Rental Transactions") for more detailed information.

(1) Straight (true) lease. In a true lease, the lessor enters into a lease agreement with a lessee for a stated period of time and the vehicle is returned to the lessor at the end of the lease term. The lessor is making a taxable use of the vehicle by deriving rental income. The lessor is liable for use tax, due at the beginning of the lease, based on the lessor's cost to purchase the vehicle. If the vehicle is returned to the lessor and leased to another party, no additional use tax is due. No sales tax is charged to the lessee on the individual lease payments.

(2) Lease with an option to purchase. In a lease with option to purchase, the same liability to the lessor exists as stated in a true lease. However, at the end of the term, the lessee has the option to purchase the vehicle for a stated amount, such as fair market value. See subparagraph (3) below for leases with a \$1 or other nominal purchase option. If the option is exercised, a taxable sale occurs and sales tax should be charged at that time to the lessee based on the option price, which includes any amounts previously paid as rentals that are applied to that price.

(3) Lease in lieu of purchase (including automobiles, camper trailers, and motor homes). In a lease in lieu of purchase, the lessee will acquire title at the end of the lease term. Leases with nominal purchase options, such as \$1, are considered leases in lieu of purchase. This type of lease is deemed a "sale" at the start of the lease. The lessee should be charged sales tax up front based on a sale price equal to the amount of the total lease payments. Finance charges that are separately stated may be excluded from the taxable base.

D. TRADE-INS. Trade-in credits are allowed only in transactions involving the "sale" of vehicles. Unless the lease is in lieu of purchase, trade-in credits are not allowed on leases of vehicles.

E. LEASES TO EXEMPT ORGANIZATIONS. An exemption provided to certain organizations (see section 2(B) above) generally applies only to sales made to these organizations, not to rentals or leases. However, rentals and leases of automobiles, leases in lieu of purchase, and other rentals that are taxed based upon the rental charge are exempt from tax when rented or leased to an exempt organization. In all other cases, a lease to an exempt organization is subject to tax. In the case of a lease with option to purchase, the lease is taxable as described in paragraph (C)(2) above, while the sale that occurs when the option is exercised is exempt.

F. INTERIM RENTALS. A retailer who withdraws property from inventory and makes interim rentals of the property may elect to collect and remit sales tax on the rental payments pursuant to 36 M.R.S. § 1758 rather than pay a use tax on the purchase price. The tangible personal property must have been purchased for resale and rented or leased by a retailer to another person on an interim basis. This provision does not apply to situations where the property was not purchased for resale but was instead purchased only for rental purposes (other than short-term or long-term rentals or leases of automobiles, as discussed above). If the property is rented to any person for one year or

more or the retailer makes a use of the property other than rental or sale, the retailer is liable for use tax on the property based on the retailer's purchase price (less the sales tax paid on the interim rentals).

5. REPAIRS AND WARRANTIES

When repair parts or accessories are installed in a vehicle owned by the customer and the charge for installation or repair labor is separately stated from the charge for the parts or accessories, only the materials portion of the sale is subject to tax. If labor and materials are not separately stated, the entire amount charged to the customer is taxable.

A. MANUFACTURER WARRANTIES. The cost of a manufacturer warranty is considered part of the sale price of the vehicle when originally purchased. Parts associated with repairs made pursuant to such a warranty and for which the customer is not charged are not taxable because the parts are considered to have been included in the original price of the extended warranty.

B. EXTENDED WARRANTIES. The sale of an extended warranty or service contract on an automobile or truck that entitles the purchaser to specific benefits in the service of the automobile for a specific duration is a taxable service. See 36 M.R.S. § 1752(17-B). "Automobile" means a self-propelled four-wheel vehicle designed primarily to carry passengers and not designed to run on tracks, including ATVs, pickup trucks and vans with a gross vehicle weight rating of 10,000 pounds or less. See 36 M.R.S. § 1752(1-B). "Automobile" does not include vehicles with more than four wheels, motorcycles, campers, motor homes, or pickup trucks and vans with a gross vehicle weight rating of more than 10,000 pounds.

The sale of extended warranties for all vehicles other than those described above is generally not subject to tax. For information on extended warranties in general, see Instructional Bulletin No. 53 ("Repairs & Warranties").

Sales of parts associated with repairs made pursuant to such a warranty are not usually taxable either to the dealer or to the customer because the parts are considered to have been included in the original price of the extended warranty. If a warranty provides for a "deductible" to be paid by the customer at the time of repair or maintenance, the amount paid by the customer is first applied to non-taxable labor. If the deductible exceeds the amount charged for labor, the remainder will be applied to parts. The customer must pay sales tax on the portion of the deductible applied to parts.

C. GOODWILL REPAIRS. Repairs made at no charge to the customer within the 30-day period immediately following the purchase of a vehicle are considered to have been done pursuant to an implied warranty if the dealer that originally sold the vehicle makes the repairs. No tax is due on the sale of the parts because the implied warranty is treated as part of the original purchase price of the vehicle.

D. CORE CHARGES. Customers who purchase property that can be reconditioned and resold by the dealer are sometimes encouraged to bring their used property to the dealer by the imposition of a "core charge" on the original purchase, which may then be refunded or credited to the customer when the used property is brought back to the dealer. The core charge is considered part of the sale price of the new property being purchased and is subject to sales tax. For instance, an alternator may

be sold for \$80 with a stated core charge of \$10. Because there is no exclusion or exemption for core charges, the total sale price subject to tax is \$90.

In addition, core charges do not qualify for the trade-in allowance and no credit is allowable when a credit is provided. Thus, using the example above, if a used alternator is traded-in at the same time as the purchase of the new alternator, the sale price subject to tax remains at \$90, even though a \$10 credit is allowed by the dealer. Similarly, if the used alternator is returned to the dealer at a later date and the customer is refunded the \$10 core charge, no refund of sales tax is allowed.

E. TOOLS AND SUPPLIES. Sales of tools and equipment used in the repair of a vehicle are subject to tax when purchased by the dealer. Supplies used in repairs may or may not be taxable when purchased by the dealer. For sales and use tax purposes, a distinction is drawn between inventories of items that are used or consumed by the dealer ("consumables") and items that are transferred to the possession of customers ("shop supplies").

(1) Consumables. Items that fall in this category are used or consumed by the dealer in the performance of its services and are taxable to the dealer. If sales tax is not paid at the time of purchase, the dealer must accrue a use tax on these items. Dealers cannot avoid their use tax obligation by including these items as part of an all-inclusive category such as "shop supplies" and billing them out as a line item to the customer. The following is a non-exclusive list of items that generally fall within this category:

Aerosol products	Battery cleaner	Brake cleaner
Brake lathe bits	Brushes	Buffing compound/pads
Car wash soap	Choke cleaner	Cleaners
Deodorizer	Disc brake quieter	Drill bits
Engine degreaser/cleaner	Floor dry	Gases/oxygen, acetylene
Glass cleaner	Gloves	Grinder wheels
Hacksaw blades	Hand cleaner	Key tags
Light bulbs (for the facility)	Masks	Paper mats/floor/seat covers
Paper towels	Protective eyewear	Putty spreaders
Rags	Razor blades	Sandpaper
Soap	Tape (masking)	Wash mitts
Washer/solvent	Wax	

(2) Shop supplies. For sales and use tax purposes, items that are ultimately transferred to the possession of the customer can be billed in one of two ways:

- (a) The items can be itemized and billed to the customer as a taxable sale; or
- (b) The items can be maintained together as one "inventory" and billed out to the customer as a percentage of labor or other charge and taxed as a single line item, commonly called "shop supplies."

Either way, sales tax must be charged and collected from the customer on the sale of shop supplies. The following is a non-exclusive list of items that generally fall into this category of shop supplies:

A/C & heater treatment	A/C oil	Adhesives/glues
Batteries (small)	Body filler	Brake fluid/power steering
Brake line fittings	Coolant	Dyes – oil or A/C
Electrical/duct tape	Electrical terminals	Electrical wire
Gasketmaker/adhesive	Grease/gear lube	Hardener
Helicoils	Hose clamps	Keylock parts
Light bulbs (for the vehicle)	Nuts and bolts	Paint/thinner
Pipe sealant	Plastic wire ties	Rubber hoses
Rubberized undercoating	Screws	Silicon
Small nuts/bolts/fasteners	Solder	Spray trim adhesive
Strip caulking	Thread lock	Touch-up paint
Vacuum fittings	Valve stem caps	Welding rods
Wheel weights	Wire looms	

6. USE TAX LIABILITY OF DEALERS

Use tax is imposed on the use or consumption in this State of tangible personal property when sales tax was not paid at the time of purchase. See 36 M.R.S. § 1861.

Dealers may purchase items outside this State for use or consumption in Maine without paying tax at the time of purchase. Similarly, a dealer will sometimes withdraw from stock, for its own use and not for sale to a customer, inventory parts that were purchased tax-free through use of a resale certificate. In such cases, the purchase price must be reported on the monthly sales and use tax return under "taxable purchases" and included in the taxable base upon which use tax is computed.

A. DISPLAY AND DEMONSTRATION VEHICLES. There is no use tax on vehicles that are used by dealers for demonstration or display purposes only. Dealers sometimes use "demonstrators" for purposes other than demonstration, and such use, unless of a *de minimis* nature, triggers a use tax liability under the "withdrawn from inventory" provision of Section 1861. The operation of a vehicle on a dealer's plates will be considered presumptive evidence of use for demonstration or test-drive purposes only and will not trigger a use tax liability of the dealer, provided the vehicle is not used for such purposes for more than 6,000 miles.

Note: A dealer's operation of a tow truck or car carrier is **not** considered to be used for demonstration or display purposes.

Display and demonstration vehicles that are sold by dealers to their salespersons are subject to tax.

B. LOANER VEHICLES. The purchase of a loaner vehicle by a new vehicle dealer is an exclusion from sales tax, and the use of the loaner vehicle when provided to a service customer pursuant to a manufacturer's or dealer's warranty is also exempt from sales tax. However, the dealer or purchaser may become liable for use tax on a loaner vehicle if it is used for another purpose, e.g., the dealer allowing an employee to use the loaner vehicle for business purposes such as seminars or other training. In this scenario, a \$30 per day rental charge must be imputed, and use tax is due, calculated by multiplying the statutory tax rate by the imputed rental charge of \$30 per day. See Section 4, paragraph (A)(3) for more information.

C. PURCHASE AND REPAIR OF SERVICE VEHICLES. Any vehicle, other than demonstrator vehicles, used by a dealer for the operation of the business is subject to tax. This includes, but is not limited to: wreckers, plow trucks, loaner vehicles (other than those that are exempt under 36 M.R.S. § 1752(11)(B); see section 2(C)(2) above), courtesy vehicles, parts and service vehicles, and any other type of maintenance vehicles.

Purchases of replacement parts for use by a dealer in reconditioning the dealer's own service vehicles, including loaner vehicles, are subject to tax. If parts purchased for resale are withdrawn from inventory for this use, the dealer must report and pay use tax on the cost of the parts upon withdrawal.

D. CONSUMABLE SUPPLIES USED TO RECONDITION A VEHICLE. Consumable supplies, protective apparel, tools, and equipment used in the reconditioning of a vehicle are subject to sales and use tax when purchased by the dealer. Such items include, but are not limited to, cleaning products, waxes, polishes, gloves, safety goggles, paper towels, protective mats, squeegees, rags, brushes, and tape.

E. USE OF PROPERTY PURCHASED FOR RESALE. Purchases by a dealer of parts used to repair a used vehicle in order to put it into a saleable condition are purchases for resale and are not taxable. The parts are considered part of the sale price of the vehicle when it is eventually sold by the dealer.

A dealer that purchases property tax-free for resale, but subsequently withdraws the property from inventory for use inconsistent with holding the property solely for demonstration and sale, is liable for use tax. Use tax liability accrues at the time the property is removed from inventory for use by the dealer, and is based on the dealer's purchase price of the property.

The lease of a vehicle other than an automobile, or the gift or personal use of a vehicle of any type is subject to tax.

A dealer's purchase of property tax-free using a resale certificate must be made in good faith. The good faith of a dealer may be questioned when facts reflect that the dealer did not intend to purchase the vehicle solely for resale. For instance, a car dealer purchases a car claiming the purchase is for resale, but enters into other transactions, such as personal financing, personal insurance, and purchase of an extended warranty, that are not commonly associated with the holding of property in resale inventory. Dealers should remain aware of this good faith requirement, both when making purchases and when accepting resale certificates from other retailers.

F. VEHICLES TAKEN IN TRADE. When a dealer withdraws from inventory a vehicle that was acquired by trade-in, there is no use tax liability except in two situations:

- (1) The dealer acquired the vehicle in a transaction where the trade-in credit allowed by the dealer for the vehicle in question exceeded the amount charged by the dealer for the vehicle that was sold (i.e. a "trade down").

For example, a customer purchases a used sedan for \$10,000 and trades in a used full-size pickup truck valued at \$20,000. Because the trade-in credit exceeds the amount charged for the vehicle sold, the dealer would owe use tax on \$10,000 if the pickup truck was subsequently withdrawn from inventory.

(2) The dealer acquired the vehicle in a transaction with another dealer involving the exchange of property from inventory.

For example, Dealer A exchanges a vehicle from inventory with Dealer B, and then leases the vehicle received from Dealer B to a customer. The use tax liability of Dealer A is based upon the full price of the vehicle acquired from Dealer B with no allowance or trade-in credit for the value of the vehicle sent to Dealer B by Dealer A as part of the exchange.

7. REPORTING AND PAYMENT OF TAX BY VEHICLE DEALERS

Maine vehicle dealers must collect and report sales tax on all vehicles sold in this State, unless the purchaser qualifies for an exemption. A vehicle dealer may not allow the purchaser to pay the tax directly to the vehicle registration agency at the time of registration.

Dealers who represent a third-party lessor by completing the leasing contract and related documents are acting as an agent of the lessor and must collect and report the tax due on the lease. When such leases involve an automobile leased for 12 months or more, the dealer must report the total taxable leasing charges on the STMV-8. For more information concerning leasing of automobiles for a year or more, see Instructional Bulletin No. 20 ("Lease and Rental Transactions").

A. SALES TAX RETURN. Every retailer must file on or before the 15th day of each month the Sales and Use Tax Return (ST-7) covering all sales for the previous calendar month and showing tax liability for that period. Certain retailers may qualify to file returns on a less frequent basis. See Rule 304 ("Sales Tax Returns and Payments") for details. Sales and use tax returns are required to be filed electronically unless the retailer has received a waiver from MRS. See Rule 104 ("Filing of Maine Tax Returns"). Sales tax returns are automatically sent to all registered retailers that have received a waiver. Payment of tax is due at the same time the return is filed.

Copies of the Interstate Commerce Exemption Affidavit (ST-A-111) must also be scanned and the image attached to an email sent to Sales.Tax@maine.gov at the same time the dealer's sales tax return is electronically filed. Alternatively, the signed form may be mailed to the address located at the end of this bulletin, along with the dealer's sales tax registration number or the dealer's paper sales tax return.

B. DEALER'S AND LESSOR'S SUPPLEMENTAL REPORT (STMV-8). Dealers must complete the STMV-8 at the same time as they would file each Sales and Use Tax Return. All sales, including exempt sales, must be listed. Each lease of an automobile leased for a year or more must be listed. Trailers sold with another vehicle as part of a "package deal" must be listed separately.

The STMV-8 must be maintained in the dealer's customer files.

(1) Electronic form. MRS has created electronic fillable forms that are relatively easy to use and can be found on the Forms, Publications & Applications webpage on the MRS website, www.maine.gov/revenue. Retailers can choose from either an Excel or PDF version. Once the form has been completed, it should be saved and maintained in the dealer's records.

If a dealer's software program provides the ability to create another type of electronic file, such as ASCII, that electronic file may be used, provided it contains the same fields of information as the Excel file.

(2) Paper form. For dealers who cannot edit and retain electronic documents, the fillable Adobe PDF STMV-8 form can be printed and completed by hand. If a dealer does not have access to our website, the dealer should call our office to request a form.

As discussed above, the following forms must also be retained with the STMV-8:

- Form ST-A-106 ("Affidavit of Exemption for Immediate Removal") for motor vehicles (including snowmobiles and ATVs), semitrailers, aircraft, camper trailers, and truck campers sold for immediate removal from Maine.
- Form ST-A-113 ("Affidavit of Exemption") for watercraft and repairs to watercraft owned by a resident of another state.
- Form ST-A-111 ("Interstate Commerce Exemption Affidavit") for vehicles intended to be used by the purchaser in interstate or foreign commerce.
- Form ST-A-115 ("Affidavit of Exemption") for Qualified Snowmobiles and Trail Grooming Equipment sold to incorporated nonprofit snowmobile clubs and used directly and exclusively for grooming snowmobile trails.

Other documentation must be retained in the files of the dealer to support the following exemptions. See above for the documentation requirements for the specific exemptions. Exemption numbers, where applicable, must be indicated on the STMV-8:

- Sales for resale
- Sales of automobiles to be rented or leased
- Sales to exempt organizations (see Section 2(B) above)
- Sales to amputee veterans (see Section 2(C)(3) above)
- Sales to persons engaged in commercial farming, commercial wood harvesting, commercial fishing or commercial aquaculture (see Section 2(E) above)
- Out-of-state deliveries (see Section 2(D) above)
- Trade-in deductions (see Section 3 above)

C. DEALER'S AND LESSOR'S PROOF OF SALES TAX COLLECTED.

(1) Sales of vehicles. All purchasers of vehicles must provide, as a prerequisite to registration, proof that Maine sales tax has been paid. The registration agent is required to ask to see the customer's bill of sale or retail buyer's order at the time of registration. Thus, it is important that dealers inform customers that the bill of sale is required to be presented at the time of registration.

The bill of sale must have the following key pieces of information: the customer's name and address, the dealer's name and address, the date of the sale, the vehicle's information, trade-in vehicle information (if any), the sale price, and the sales tax amount. If the transaction is exempt from sales tax, the sales tax line should indicate "EXEMPT."

Out-of-state dealers that are registered to collect Maine sales tax must clearly indicate on their bill of sale or retail buyer's order their Maine sales tax registration number. If this information

is not provided, MRS will assume that any tax listed on an out-of-state dealer's bill of sale is not Maine sales tax and the purchaser will be required to pay Maine use tax before the car may be registered.

(2) Consignment versus brokerage sales. A dealer that sells a vehicle belonging to another person by negotiating the terms and conditions of the sale with the purchaser is making a consignment sale. Consignment sales are retail sales on which the dealer must collect and report sales tax and issue a bill of sale. However, when the dealer does not negotiate the terms and conditions of the sale, and acts only as an intermediary between a buyer and seller, a bona fide brokerage sale occurs. In this case the dealer is not required to collect and report the tax and should not issue a bill of sale, unless it collected the tax.

(3) Leases of automobiles. When a dealer acts as an agent of the lessor, the dealer must collect the sales tax at the time of the lease. Dealers that are affiliated with a lessor and that negotiate the terms or conditions of the lease on behalf of the lessor are treated as agents of the lessor (for example, when a Ford dealer acts on behalf of Ford Motor Credit Company by originating the leasing contract with the lessee). Dealer leasing agents must provide the lessee with a lease document that clearly states that the lessee has paid the sales tax or is not liable for the tax. This document allows the lessee to register the automobile without any further obligation. Lessors who are not represented by a Maine dealer but are nonetheless registered with Maine to collect sales tax must state their Maine sales tax registration number in the lease document to make clear that the sales tax amount listed in that document is Maine sales tax. Otherwise, the registration agent will assume that sales tax listed on or in the lease document is not Maine sales tax and the purchaser will be required to pay Maine use tax before the car may be registered.

(4) Leases of vehicles (other than automobiles). When the dealer is the lessor and the lease is either a true lease or a lease with an option to purchase, the dealer should complete a STMV6U ("Use Tax Certificate") at the time of registration and either pay the appropriate amount of use tax or indicate on the certificate that use tax is being accrued under its sales tax registration number. In the latter case, the dealer's Maine sales tax number must be clearly identified on the use tax certificate. Dealers that enter into in a lease in lieu of purchase must report the transaction as a sale and collect the sales tax based on the total of all the lease payments, less any finance charges if stated separately. The lease document must clearly show sales tax collected because the person registering the vehicle will be required to show proof of sales tax paid at the time of registration. When the dealer sells a vehicle to a third-party lessor, the dealer must collect the sales tax based on the sale price to the lessor and provide a bill of sale or retail buyer's order to whoever will register the vehicle.

(5) Rentals. Dealers engaged in the short-term rental of automobiles or interim rentals must complete a STMV6U ("Use Tax Certificate") at the time of registration, check box "E. Short Term Auto Rental" on the reverse of the form, and provide their Maine sales tax registration number. Dealers must check box "G. Other" on the reverse of the form and provide an explanation for loaner vehicles that are exempt under 36 M.R.S. § 1752(11)(B); see section 2(C)(2) above.

8. ADDITIONAL INFORMATION

The information in this bulletin addresses some of the more common questions regarding the Sales and Use Tax Law faced by vehicle dealers. 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:

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

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