

### **What is Use Tax?**

Use Tax is a substitute for sales tax. All states that have a sales tax also impose a use tax. Use taxes are imposed primarily to minimize unfair competition between sales made in-state and those made out-of-state. The use tax rate is the same as the sales tax rate.

### **When does use tax apply?**

Use tax applies when sales tax has not been charged. A purchase made out-of-state is the most common type of transaction subject to use tax. For instance, if you purchased goods from a vendor located in Massachusetts, whether by mail order or by taking delivery in Massachusetts, use tax applies if the goods are brought to Maine for use here. A Maine resident or business does not escape sales tax by purchasing out-of-state.

Another situation where use tax applies is when a business withdraws goods from inventory for its own use. Use tax, in this case, is due at the time of withdrawal.

In either situation, use tax is based on the purchase price of the item.

Common taxable items are office supplies and equipment, cameras, clothing, computer hardware, software and supplies, janitorial supplies, fax machines and supplies, photocopiers and supplies, CDs, DVDs, electronic games and books.

### **Are there any exemptions from use tax?**

Many of the exemptions that apply to sales tax also apply to use tax. Common exempt goods are grocery staples and goods purchased for resale.

### **How does a business report use tax?**

If you are registered to collect and report sales tax, the sales tax return contains a line to report taxable purchases. If you do not sell goods, you must register with the Maine Revenue Services to report use tax only.

### **How does an individual report use tax?**

For purchases of single items that cost \$5,000 or less, individuals have 2 options to report use tax:

- A. You may choose to report any use tax due on your 1040 ME, Maine personal income tax return, at the end of the tax year. There is a line on the 1040 ME form on which you can list the use tax due. If you choose this method of reporting and you do not know the exact amount of your taxable purchases you have the option of using a calculated formula that is outlined in the 1040 ME instructional booklet. This formula may only be used for purchases of individual items costing less than \$1,000.
- B. The second option is to file an Individual Use Tax return directly with Maine Revenue Services by the 15<sup>th</sup> of the month following the month of your purchase.

Note: For purchases of single items that cost more than \$5,000, individuals are required by law to file an Individual Use Tax return directly with Maine Revenue Services by the 15<sup>th</sup> of the month following the month of your purchase.

### **Where can I get an Individual Use Tax return?**

Individual Use Tax returns are available on our website at: [www.maine.gov/revenue](http://www.maine.gov/revenue).

### **Why do some out-of-state companies charge tax?**

Some out-of-state companies charge sales tax because they have a presence or relationship in Maine that requires them to register, collect and remit sales tax. Others voluntarily register. Use tax does not apply if your vendor charges you a Maine sales tax.

### **What if I paid tax to another state?**

If you made purchases in a state which charges sales tax and your purchase was taxed, you may not owe any use tax in Maine. If the amount of tax was equal to or more than Maine's rate, no tax is due. However if you paid less than Maine's rate you owe the difference.

### **Is there use tax when I purchase used goods from an individual?**

Sales by a person who is not in the business of selling goods are casual sales and generally not taxable. However, certain casual sales are specifically taxed by law. The most common are camper trailers, cars, trucks, snowmobiles, ATV's, and boats. When you buy one of these items, you will be required to pay use tax or show proof that tax was paid when you register the vehicle.

### **Is there use tax when I purchase goods over the internet?**

Yes. Purchases over the internet are treated the same way as purchases made out-of-state. If the vendor is not registered with Maine and does not charge Maine sales tax, then you would be liable for the use tax.

Need more information?



207-624-9693



Maine Revenue Services  
Sales, Fuel & Special Tax Div  
P.O. Box 1065  
Augusta, Maine 04332-1065



[www.maine.gov/revenue](http://www.maine.gov/revenue)



207-287-6628

The information in this bulletin addresses some of the more common questions regarding use tax. It is not meant to cover all situations. Specific information can be obtained by contacting Maine Revenue Services.

Additional copies of this pamphlet are available from Maine Revenue Services

(Published under Appropriation 010371)  
Revised July 2013



MAINE REVENUE  
SERVICES

## MAINE USE TAX

Look inside for answers  
to commonly asked questions

