



# 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, exercising or complying with their legal rights, duties or privileges. It contains general and specific information of interest as well as interpretations and determinations by Maine Revenue Services regarding issues commonly faced by your business. Portions of the Sales and Use Tax Law referred to in this bulletin can be found at the end of the bulletin in Attachment #1. Relevant forms and affidavits can be found in Attachment #2.

The following instructions relate to sales of motor vehicles, snowmobiles, all-terrain vehicles, tractors, semi-trailers, trailers, truck campers, aircraft and watercraft. As used in this bulletin, the term "vehicle" includes all of these kinds of property.

The Sales and Use Tax Law (Title 36, Part 3) requires persons engaged in the business of selling tangible personal property or taxable services to register as sellers, to add the sales tax to the sale price on all sales not exempt under law, and to report and pay tax to the State on their total taxable sales.

#### INSIDE THIS BULLETIN

	<u>Page</u>		<u>Page</u>
Agricultural production	6-7	Sale Price on which tax is based	2
Automobile Rentals	4-9	Sales to Government Agencies	3
Commercial aquaculture	6-7	Sales to Exempt Organizations	3
Commercial Fishing	6-7	Sales Tax Return (ST-7)	15-16
Core Charges	12	Service Vehicles (demonstrators, courtesy cars)	13-14
Dealer's & Lessor's Certificate (STMV-6)	17	Short-term auto rentals	4-6, 8-9
Dealer's / Lessor's Supp'l Report (STMV-8)	16	Taxable Sales	2-3
Exclusions from Sales Price	2	Tow Truck Repairs	13
Exempt Organizations, sales to	3	Trade-in allowances	7-8
Exempt Sales	3-7	Camper trailers	8
Extended warranties	11	Farm Tractor	8
Immediate removal from Maine, sales for	4-5	Motor Vehicles	7
Interim Rentals	10	Special Mobile Equipment	8
Leases & Rentals	8-10	Trailers	8
Loaner vehicles	4, 14	Vehicles used to harvest lumber	8
Out-of-state deliveries	6	Watercraft	8
Refund of Purchase Price	2-3	Use Tax	13-15
Repairs and Maintenance	11-12	Use of vehicles purchased for resale	14
Repair Parts and Supplies	11-13	Used Vehicle Repairs	14
Reporting and Payment of Tax	15-18	Vehicles used in Interstate Commerce	6
Resident businesses, sales to	5	Warranties (including extended warranties)	11

## **1. TAXABLE SALES**

### **A. SALE PRICE ON WHICH TAX IS BASED**

The statutory definition of "sale price" includes "services which are a part of a retail sale." Based on this provision of the law, all charges occurring prior to passage of title of the vehicle are considered part of the sale price of the vehicle and are thus subject to the sales tax. "Sale price" includes:

- "Processing fees" or "documentation fees."
- Manufacturers' and importers' excise taxes.
- Rustproofing, protection packages, installation of accessories and other additional work performed on the vehicle prior to the customer taking delivery and prior to passage of title. In contracts for the sale of a vehicle, title is deemed to pass when the customer accepts delivery.
- 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 the taxability of the transaction.

### **B. EXCLUSIONS FROM SALE PRICE**

"Sale price" does not include:

- Discounts allowed by the dealer, including dealer rebates.
- Services provided after the customer takes delivery and after passage of title.
- Federal Luxury Tax and other retailers' excise taxes.
- Recycling Assistance Fee (See Instructional Bulletin No. 48)
- Lead-acid battery deposits
- Lemon Law Arbitration Fees
- Oil change premium (imposed by Maine law effective October 1, 2007 and repealed effective August 1, 2008)
- Title or encumbrance Fees
- State Inspection Fees
- Finance charges
- Extended warranties (see Section 6B for more information)
- Credit life 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. If a vehicle or part is returned and the customer only receives a partial refund of the purchase price, no sales tax is refundable to the customer, unless the partial refund is made pursuant to the terms and conditions of a warranty. 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 only cover a certain percentage of the original purchase price, the sales tax

is refundable based upon the amount actually refunded to the customer. Under any other circumstances, partial refunds do not warrant the refunding of any portion of the sales tax. The tax already reported by the dealer can be recovered by reducing Line 1 ("Gross Receipts") on a subsequent Sales and Use Tax Return.

## **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 (Form ST-MV-8) and submitted to the Sales, Fuel & Special Tax Division along with the regular monthly Sales Tax Return (Form ST-7). Affidavits, when applicable, must be obtained to support the exempt sale and submitted with the ST-MV-8 report listing the exempt sale. The dealer should be careful to retain sufficient information to verify the exemption, including the exemption number where applicable.

### **A. SALES TO GOVERNMENT AGENCIES**

Sales made directly to the Federal government, the State of Maine or any political subdivision of this State (including counties, cities, towns or plantations), or to any unincorporated agency of the above, or to any incorporated agency or instrumentality wholly owned by the above, are exempt from sales tax. In these cases, no evidence of exemption is required other than the invoice indicating that the sale was made to the exempt entity. Sales to other states or foreign countries or their subdivisions are generally not exempt from sales tax, but there are exceptions; see Section 7 of Instructional Bulletin 36 (Exempt Organizations) for more information on this point.

### **B. SALES TO EXEMPT ORGANIZATIONS**

The Sales and Use Tax Law provides exemption to various organizations, including hospitals, churches or houses of religious worship, and certain schools. The burden of proving that a sale is to an exempt organization will be met only if the seller obtains from the purchaser a copy of the organization's valid exemption certificate issued by the State Tax Assessor. The law provides no exemption for sales made to clergy or to staff members or employees of exempt organizations. See Sections 4 and 5 of this bulletin for information on renting and leasing, and Instructional Bulletin 36 (Exempt Organizations) for more information on sales to exempt organizations generally.

Copies of purchase orders, invoices or sales slips and a copy of the purchaser's exemption certificate must be kept by the seller in order to substantiate sales to exempt organizations. The exemption number of the organization must be indicated on the ST-MV-8

### **C. SALES OF CERTAIN VEHICLES**

The following sales are exempt from sales tax under Section 1760 of the Sales and Use Tax Law or excluded from sales tax under Section 1752 of the law. See Attachment 1 of this bulletin for specific statutory language pertaining to each exemption.

- i. Sales to automobile dealers of dual-controlled automobiles used in driver training programs. See §1760, sub-§21.**

- ii. **Sales of loaner vehicles to a new vehicle dealer licensed as such pursuant to Title 29-A §953. See §1752, sub-§11, ¶B.** For purposes of this exemption, “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 Title 10 §1171, sub-§6.) The use of such a vehicle provided to a service customer pursuant to a manufacturer’s or dealer’s warranty is also exempt from use tax pursuant to Title 36 §1760, sub-§21-A. However, the dealer/purchaser may be liable for use tax on a loaner vehicle that is used for another purpose. For example, the dealer should take care to ensure that its employees do not use these vehicles for business purposes such as seminars or other training.

When a loaner vehicle is provided for the short-term use of a *non*-warranty customer, tax must be remitted at the rate of 10%. If the dealer makes no charge, a \$30 per day rental charge must be imputed, and use tax of \$3.00 per day is due (10% of the imputed charge of \$30/day). If the dealer charges for the use of the vehicle, sales tax is due in the amount of 10% of the total rental charge. In the unlikely event that a loaner vehicle needs to be repaired while the vehicle is still part of the dealer’s loaner fleet, repair parts are taxable to the dealer if not covered by a manufacturer’s warranty.

- iii. **Sales of automobiles to amputee veterans. See §1760, sub-§22.**

A sale in this State of a vehicle to a person in military service is handled in exactly the same way as a sale to a civilian. However, a sale of an automobile to an amputee or disabled veteran is exempt when the veteran has provided the dealer with a letter from the Veterans Administration certifying that he or she has been granted free registration. A qualifying veteran may own only one such exempted vehicle at a time. The exemption for amputee or disabled veterans is not applicable to rented or leased vehicles.

- iv. **Sales or leases of the following items to nonresidents for immediate removal from Maine: motor vehicles, semi-trailers, aircraft, camper trailers, truck campers and watercraft. See §1760, sub-§§23-C and 25.**

The sales tax does not apply to sales of the above vehicles purchased in Maine by a person that is not a resident of Maine, and intended to be driven or transported outside the State immediately upon delivery by the seller. If the purchaser is an individual, he or she must be domiciled (that is, be a legal resident of) a State other than Maine. If the purchaser is a corporation or other business entity, it must maintain a commercial domicile in (that is, be headquartered in) a state other than Maine.

The “motor vehicle” portion of this exception does not apply to automobiles rented for a period of less than one year. It also does not apply to ATVs and snowmobiles (but *all* sales of ATVs and snowmobiles to nonresident individuals are exempt; see subparagraph v below).

At the time of the sale, the dealer and purchaser must complete Form ST-MV-33 (for motor vehicles, semi-trailers, aircraft, camper trailers and truck campers) or Form ST-P-19AE (for watercraft), copies of which are attached to this Bulletin. The dealer must then forward the appropriate affidavit to Maine Revenue Services along with the Dealer's Supplemental Sales Report on which the sale is reported as exempt.

When a watercraft and trailer are sold 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.

**v. Sales of all-terrain vehicles and snowmobiles to nonresident individuals. See §1760, sub-§§25-A and 25-B.**

Sales tax does not apply to the sales of all-terrain vehicles and snowmobiles to *individuals* who are not Maine residents; the exemption does *not* apply to purchases by corporations or other business entities. At the time of the sale the dealer and the purchaser must complete form ST-P-39, certifying that the purchaser is domiciled in (i.e., is a legal resident of) another State. The dealer must forward this affidavit to Maine Revenue Services along with the Dealer's Supplemental Sales Report on which the sale is reported as exempt.

**vi. Sale or lease of certain motor vehicles to qualifying resident businesses. See §1760, sub-§23-D.**

Sales tax does not apply to the sale or lease of a motor vehicle (except an automobile rented for a period of less than one year, or an all-terrain vehicle or snowmobile) to a qualifying resident business if the vehicle is intended to be driven or transported outside the State of Maine immediately upon delivery and 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, the person seeking registration is liable for use tax on the basis of the original purchase price.

**vii. Sales of automobiles for rental or lease. See §1752, sub-§11, ¶B, sub-¶¶(3) and (5).**

This exemption applies to automobiles only, whether rented or leased on a short-term or long-term basis. "Short-term" means a period of less than one year. "Long-term" means a period of 12 months or more.

The exemption also applies to parts and operating supplies such as motor oil, but only when sold for use in an automobile rented on a short-term basis.

The seller must obtain a Certificate of Exemption, Form ST-MV-63, when making sales of automobiles for rental or lease and retain it as evidence that the sale was in fact exempt.

**viii. Vehicles used in interstate or foreign commerce. See Section 1760, sub-§41.**

This exemption is not limited to motor vehicles, but includes trailers and semi-trailers designed for the conveyance of property on public highways.

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

It must be placed in interstate or foreign commerce within 30 days of purchase (90 days for good cause).

It must be used 80% of the time in interstate or foreign commerce for 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.

This exemption does not apply to vehicles that are leased or that are operating under another person's Interstate Operating Authority.

Dealers and purchasers must complete an affidavit, Form ST-MV-57A, at the time of the sale; and the dealer must file the affidavit with the Dealer's Supplemental Sales Report on which the sale is claimed to be exempt. (See Rule No. 318 for additional information.)

#### **D. OUT-OF-STATE DELIVERY BY DEALER**

When a vehicle is sold in Maine but delivery is made by the seller to the customer at a point outside this State, the Maine sales tax does not apply. The dealer in such a case must complete an affidavit, Form ST-MV-36, and file it with the Dealer's Supplemental Sales Tax Report on which the sale is claimed to be exempt. 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 within 12 months from the date of purchase, the purchaser may become liable for use tax based on the original sales 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 (iv) above. The dealer must use the proper affidavits to support the applicable exemption.

#### **E. USE IN COMMERCIAL AGRICULTURAL PRODUCTION, COMMERCIAL FISHING OR COMMERCIAL AQUACULTURAL PRODUCTION**

The Sales and Use Tax Law provides an exemption for depreciable machinery and equipment and repair parts for qualifying machinery and equipment used in commercial agricultural production, commercial fishing or commercial aquacultural production if the purchaser has a Certificate of Exemption card issued by Maine Revenue Services. **Motor vehicles (including snowmobiles and all-terrain vehicles) and trailers designed for highway use do not qualify for this exemption or for refund under any circumstances.**

Watercraft suitable for use in commercial fishing or commercial aquacultural production, and farm tractors and other farm equipment, may qualify for exemption under this provision. The exemption does not apply when equipment suitable for other use, such as front-end loaders or lawn and garden tractors, are purchased. However the purchaser may be entitled to a refund of the sales tax paid directly from Maine Revenue Services.

A copy of the purchaser's Certificate of Exemption card and an Affidavit of Exemption, form ST-L-154, signed by the purchaser must be retained by the seller to document the exempt sale. For further information regarding sales of machinery and equipment for use directly in commercial agricultural production, commercial fishing or commercial aquacultural production, see Rule 323 and Instructional Bulletins No. 44 (commercial fishing), 45 (commercial agriculture) and 49 (commercial aquaculture).

### **3. TRADE-INS**

When one or more of the items listed in Section 1765 of the Sale and Use Tax Law are traded in toward the sale price of another item of the same kind (motor vehicle traded for a motor vehicle, watercraft for a watercraft, etc.), the sales or use tax is levied only upon the difference between the sale price of the purchased item and the trade-in value allowed for the item or items taken in trade, except for transactions between dealers involving exchange of the property from inventory. However, when a motor vehicle is traded in toward a watercraft, or a camper trailer is traded in toward a motor home, or if any item of one kind is traded in toward an item of another kind, no credit for trade-in is allowed and the tax applies to the entire sales 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 sales 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 sale price of the watercraft.

#### **A. MOTOR VEHICLES**

In transactions involving motor vehicles, the allowance for trade-in applies only when both vehicles involved are self-propelled and are designed for the conveyance of passengers or property on the public highway. All-terrain vehicles and snowmobiles are included within the definition of "motor vehicles". Trailers of any type do not qualify as motor vehicles as they are not self-propelled. The term "motor vehicle" includes items of equipment that are 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.

Since a slide-in truck camper can be used independently, it is not an accessory (or part) of a truck. If a truck that has a slide-in camper attached to it, and is traded in on the purchase of another truck without a slide-in camper, any trade-in allowance given for a slide-in truck camper is not creditable against the sales tax.

#### **B. SPECIAL MOBILE EQUIPMENT**

Special mobile equipment, for trade-in purposes, includes farm tractors and self-propelled vehicles and loaders used to harvest lumber, including skidders, crawler

tractors, and log loaders. Other common examples of special mobile equipment are bulldozers, front-end loaders, forklifts, lawn tractors, backhoes and cranes. Special mobile equipment must be self-propelled and intended to be driven by someone, thus excludes “walk-behind” units. Free-standing special mobile equipment does not qualify as a motor vehicle, even if it is occasionally operated over the road. However, an item of special mobile equipment -- a crane, for example -- that is permanently attached to a motor vehicle and sold as one unit is considered a part of the motor vehicle.

### **C. TRAILERS**

Effective October 1, 2007, all trailers are eligible for the trade-in credit. Thus, when a trailer of any type is traded in toward the sale price of another trailer of any type, a trade-in credit is allowed. “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.” “Trailer” includes a camper trailer as defined in Title 36 §1481(1-A). Also included are utility trailers, recreational vehicle trailers, livestock trailers, horse trailers, and boat trailers. Prior to October 1, 2007, only camper trailers were eligible for the trade-in credit.

### **D. WATERCRAFT**

A trade-in allowance is provided when a watercraft is traded against 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. A trailer does not qualify for trade-in allowance when traded in, either separately or together with a watercraft, toward the sale price of another watercraft; but a trailer traded in toward the sale price of another trailer does qualify for the trade-in credit, as noted in Paragraph C above.

## **4. LEASES AND RENTALS OF AUTOMOBILES**

The Sales and Use Tax Law treats the rental and leasing of automobiles differently from other vehicles. This section provides information on how short-term and long-term rentals and leases are to be treated for sales and use tax purposes. For purposes of this discussion, the term “automobile” includes 4-wheel pickup trucks, all-terrain vehicles and passenger vans, but does not include vehicles with more than 4 wheels, motorcycles, campers, motor homes or cargo vans.

### **A. SHORT-TERM RENTALS OF AUTOMOBILES**

The Sales and Use Tax Law imposes a 10% tax on all short-term rentals involving automobiles. Short-term means a lease or rental period of less than one year. The tax is based on the value of the rental, which means the total rental charged, including but not limited to maintenance and service contracts, drop-off or pick-up fees, airport surcharges, mileage fees and any separately itemized charges on the rental agreement to recover the owner’s estimated costs of the charges imposed by government authority for title fees, inspection fees, local excise tax and agent fees. In other words, the total amount of the rental is subject to the 10% sales tax without any deduction for separately itemized charges.

A dealer that makes short-term rentals of automobiles may purchase the automobiles free of tax and collect tax on each rental payment. Dealers should supply

their vendors with a Form ST-MV-63 when purchasing automobiles for rental purposes. All rental payments made pursuant to rentals executed in Maine are subject to tax irrespective of whether such automobiles are to be used exclusively in Maine or are to be used in other states.

## **B. LONG-TERM RENTALS OF AUTOMOBILES**

The Sales and Use Tax Law imposes a 5% tax on automobiles rented or leased for 12 months or more. The tax is due in the month in which 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 total of monthly lease payments is arrived at 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. Ancillary services such as registration fees, life/disability insurance and management services are excluded only if separately stated from the lease payment.

“Trade-in equity” is the value of any trade-in that reduces the cost of the lease. Trade-in credits are not allowed for 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 may sign and provide to the dealer an “Immediate Removal Affidavit” stating that they are going to immediately remove the automobile from the State. This relieves the dealer from having to collect sales tax on the lease transaction, provided the dealer took the affidavit in good faith. If the dealer knew or has 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)(iii) above for the meaning of “nonresident” in this context.

## **5. LEASES AND RENTALS OF VEHICLES OTHER THAN AUTOMOBILES**

The following information is applicable only to vehicles other than automobiles (unless otherwise noted). Refer to Section 4 above for information on leasing automobiles. Different types of leases have different tax consequences. Dealers involved in any of the following leases of vehicles other than automobiles should refer to Instructional Bulletin No. 20 (“Lease and Rental Transaction”) for more detailed information.

### **A. 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 to be returned to the lessor at the conclusion of the lease term. The lessor is making a taxable use of the vehicle through the derivation of rental income. The lessor is therefore liable for use tax, due at the beginning of the lease, based on the lessor's cost of 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, nor are the individual lease payments subject to tax.

## **B. LEASE WITH 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, fair market value or some other value. If the option is exercised, a taxable sale occurs and sales tax would be charged at that time to the lessee based on the option price, including any amounts previously paid as rentals and applied to that price. See Section C below for leases with a \$1.00 or other nominal purchase option.

## **C. LEASE IN LIEU OF PURCHASE (including automobiles)**

In a lease in lieu of purchase, the lessee will acquire title at the end of the lease term. This type of lease is deemed a "sale" at the commencement of the lease. The lessee would be charged sales tax up front based on the total lease payments. Leases with nominal purchase options, such as \$1.00, are considered leases in lieu of purchase. Finance charges which are separately stated may be excluded from the taxable base.

## **D. TRADE-INS**

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

## **E. LEASES TO EXEMPT ORGANIZATIONS**

The exemption provided to certain organizations (See Section 2(B) above) applies only to "sales" made to these organizations. However, rentals and leases of automobiles, leases in lieu of purchase, and other rentals that are taxed based upon the rental charge, when made to exempt organizations are exempt from tax. 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 B above, while the sale that occurs when the option is exercised is exempt.

## **F. INTERIM RENTALS**

The Sales and Use Tax Law contains a specific provision (Title 36 §1758) to cover situations where tangible personal property that was purchased for resale is then rented as an incident to holding the property for resale. This provision does not apply to situations where the purchase of the property was for rental purposes and the ultimate sale of the property is incidental only; nor does it apply to short-term or long-term rentals or leases of automobiles, as discussed above.

The law permits the retailer in such cases to elect to collect and remit sales tax on rental payments rather than pay a use tax on the purchase price. Sales tax on rentals is to be passed on to the original and any subsequent lessees. If the property is rented to a person for more than one year or the retailer makes a use of the property other than rental or sale, the election is void and the retailer is liable for use tax on the property.

## **6. REPAIRS AND MAINTENANCE**

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**

A manufacturer warranty is considered part of the sales price of the vehicle when originally purchased. Parts associated with repairs made pursuant to such a warranty are not taxable.

### **B. EXTENDED WARRANTIES (automobiles only)**

The section only applies to automobiles. For purposes of this discussion, the term “automobile” includes 4-wheel pickup trucks, all-terrain vehicles and passenger vans, but does not include vehicles with more than 4 wheels, motorcycles, campers, motor homes or cargo vans. For information on extended warranties in general, please refer to Instructional Bulletin #53.

#### **1. Contracts signed on or after 9/20/07**

For extended warranty transactions entered into on after September 20, 2007, the sale of an extended service contract on an automobile that entitles the purchaser to specific benefits in the service of the automobile for a specific duration is a taxable service. Parts associated with repairs made pursuant to such a warranty are therefore not usually taxable either to the dealer or to the customer, since the parts are considered to be 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 remaining amount will be applied to parts, on which the customer must pay sales tax.

#### **2. Contracts signed prior to 9/20/07**

For extended warranty transactions entered into prior to September 20, 2007, the sale of an optional extended warranty, if separately stated from the sales price, was not taxable, but parts associated with repairs made pursuant to such a warranty are taxable. Where the customer is not responsible for any additional payment for repairs made under warranty, the dealer is liable for use tax on the repair parts based on the dealer's cost. If the customer is responsible under the extended warranty for a portion of the repair, the dealer would charge sales tax to the customer on the portion attributable to repair parts only when the “deductible” amount paid by the customer exceeds the amount charged for labor.

### **C. GOODWILL REPAIRS**

Repairs made at no charge to the customer within the 30-day period immediately following the initial purchase of a vehicle are considered to be pursuant to an implied warranty if the vehicle was originally purchased from the dealership that makes the repairs. No tax would be due on the parts since the implied warranty would have been part of the original purchase price of the vehicle.

## **D. CORE CHARGES**

Customers who purchase property that can be reconditioned and resold by the seller are sometimes encouraged to bring their used property to the seller 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 seller. The core charge is considered part of the selling price of the new property being purchased and is subject to the sales tax. For instance, an alternator may be sold for \$80.00 with a core charge being stated in the amount of \$10.00. The total selling price subject to tax is \$90.00. If a used alternator is traded-in at the same time as the purchase of the new alternator, the selling price subject to tax remains at \$90.00 even though a \$10.00 credit is allowed. If the used alternator is returned to the seller at a later date and the customer is refunded the \$10.00 core charge, no refund of sales tax is allowed. The definition of "sale price" does not exclude an allowance of this sort, and core charges are not allowable as trade-in credits.

## **E. TOOLS AND SUPPLIES**

Tools and equipment used in the repair of a vehicle are subject to tax when purchased by the dealer. Supplies may or may not be taxable when purchased by the dealer. Most vehicle dealerships that have a service or repair shop maintain an inventory of “shop supplies”, but this term is used very broadly within the industry. For Maine sales and use tax purposes, a distinction is drawn between inventories of items that are “used” or consumed by the dealership, and inventories of items that are ultimately transferred to the possession of customers.

### **i. Consumables**

Items that fall in this category that are “used” or consumed by the dealership in the performance of their service are taxable to the dealership. If the Maine sales tax is not paid at the time of purchase, the dealership must accrue a use tax on these items. Maine Revenue Services does not recognize these items as part of an all-inclusive category called “shop supplies” that may be billed out as a line item to the customer. Following is a non-exclusive list of items that generally fall in this category:

Adhesives/glue	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 – facility	Masking tape
Masks	Paper mats/floor/seat	Paper towels
Protective eyewear	Putty spreaders	Rags
Razor blades	Sandpaper	Soap
Wash mitts	Washer/solvent	Wax

**ii. Billable shop supplies**

For Maine sales/use tax purposes, items that are ultimately transferred to the possession of the customer can be handled one of two ways:

- a. These items can be itemized and billed to the customer as a taxable sale.
- b. These items can be maintained all 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. Following is a non-exclusive list of items that generally fall in this category:

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

**7. 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.

Dealers may from time to time 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 tax is computed.

**A. DEMONSTRATORS**

There is no use tax on vehicles used by dealers for demonstration or display purposes only. Vehicle dealers sometimes use “loaners” for purposes other than demonstration, and such purposes, if not of a de minimis nature, act to trigger a use tax liability under the “withdrawn from inventory” provision of Section 1861 of the Sales and Use Tax Law. The operation of a vehicle on 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 that 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 on dealer plates is **not** considered to be use used for demonstration or display purposes.

Payment of sales or use tax is required on vehicles that are regularly registered in the name of a person or corporation, even though that person or corporation is a dealer of such vehicles registered under the Sales and Use Tax Law.

Vehicles sold by dealers to their salespersons are bought for consumption or use. Therefore, these sales are subject to tax.

## **B. 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 Maine Sales/Use Tax. This would include, but not be limited to, wreckers, plow trucks, loaner vehicles (other than those that are exempt under §1752(11)(B); see Section 2(C)(ii) above), courtesy vehicles, parts and service vehicles, and any other type of maintenance vehicles. The only exception to this would be a vehicle that was taken in as a lesser trade on the sale of another vehicle. Under this circumstance there would be no use tax liability.

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.

## **C. PARTS USED TO REPAIR USED VEHICLES FOR RESALE**

Parts used to repair a used vehicle in order to put it into a saleable condition are not taxable when purchased by the dealer, since they are purchased for resale. The tax collected at the time the used vehicle is sold will include the value of parts installed. However, consumable supplies, such as cleaners and waxes, used in the reconditioning of a vehicle for sale are subject to tax.

## **D. CONSUMABLE SUPPLIES USED TO RECONDITION A USED VEHICLE**

Consumable supplies, protective apparel, tools and equipment used in the reconditioning of a vehicle are subject to tax when purchased by the dealer. Such items would include, but not be limited to: cleaning products, waxes, polishes, gloves, safety goggles, paper towels, protective mats, squeegees, rags, brushes, and tape.

For more detailed information about vehicle body work, see Instructional Bulletin No. 1 (“Service Stations and Auto Repair Shops”).

## **E. USE OF PROPERTY PURCHASED FOR RESALE**

A seller 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 on the cost of the property. A taxable use occurs upon the lease of a vehicle other than an automobile, or the gift or personal use of a vehicle of any type. Use tax liability accrues at the time the property is removed from inventory for use. When an automobile is withdrawn from inventory solely for rental on a short-term basis, the rental payments are subject to tax and no use tax is due on the cost of the automobile.

A seller's good faith when purchasing property tax-free for resale may be questioned when facts reflect that the seller did not intend to purchase the vehicle solely for resale. For instance, a used car dealer purchases a new 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 common transactions associated with the holding of property in resale inventory. The seller's claim that the purchase was for resale in this example would not be honored.

## **F. VEHICLES TAKEN IN TRADE**

As explained in Section 3 above, the tax on a transaction involving the sale and trade-in of a motor vehicle for a motor vehicle, a watercraft for a watercraft, etc. is measured by the net price after allowance for trade-in. Such a transaction actually involves two sales, one from the dealer to the customer, and one from the customer to the dealer, each of which includes a trade-in. However, since the price (i.e. allowance) of the vehicle traded in to the dealer by the customer is generally less than the price of the vehicle sold to the customer, the sale to the dealer by the customer rarely would result in tax liability even if it were not a sale for resale.

Consequently, when a dealer withdraws from inventory a vehicle that was acquired by trade-in, for use inconsistent with holding the property solely for demonstration and sale, there will be no use tax liability unless the vehicle was acquired by the dealer either in a transaction where more was paid (i.e. allowed) by the dealer for the trade-in than was charged by the dealer for the vehicle sold, or in a transaction with another dealer involving the exchange of property from inventory. For example: Dealer A exchanges (trades) a vehicle from inventory with Dealer B and then leases to a customer the vehicle received in trade from Dealer B. The tax liability of Dealer A is based upon the full price of the vehicle acquired from Dealer B with no allowance for trade-in.

## **8. 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 one of the tax exemptions described in Section 2 of this Bulletin. A Maine vehicle dealer does not have the option of allowing 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. Such agents 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 complete the Lessor's Certificate and report the total taxable leasing charges on the Dealer's and Lessor's Supplemental Report. For more information concerning leasing automobiles for a year or more, see Instructional Bulletin No. 20 ("Lease and Rental Transaction").

### **A. SALES TAX RETURN (ST-7)**

Every registered seller must file on or before the 15th day of each month the "Sales and Use Tax Return," (Form 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 quarterly or other non-monthly basis; see Rule 304 for details. Sales tax

return forms are automatically sent to all registered sellers. Payment of tax is due at the same time the return is filed. Note: certain taxpayers, including many vehicle dealers, are mandated by law to file electronically. See Rule 104 (“Electronic Filing of Maine Tax Returns”).

## **B. DEALER'S AND LESSOR'S SUPPLEMENTAL REPORT (STMV-8)**

Dealers must complete and file the Dealer's and Lessor's Supplemental Report with each Sales and Use Tax Return. The dealer must list each vehicle for which the Dealer's Certificate (or the Lessor's Certificate) has been issued. All sales including exempt sales must be listed, and each lease of an automobile leased for a year or more must be listed. Trailers sold along with another vehicle as part of a "package deal" must be listed separately.

The sales tax registration number must be indicated on the report. Supplies of the report can be obtained by contacting the Sales, Fuel & Special Tax Division.

The following forms must accompany the Supplemental Report:

- Form ST-MV-33 for motor vehicles, semi-trailers, aircraft, camper trailers, and truck campers sold for immediate removal from Maine
- Form ST-P-19AE for watercraft and all-terrain vehicles sold for immediate removal from Maine
- Form ST-MV-36 for Out-of-State Deliveries
- Form ST-MV-57A for vehicles used by the purchaser in interstate or foreign commerce
- Form ST-P-39 for snowmobiles and all-terrain vehicles sold to nonresidents

Supporting documentation must be retained in the files of the dealer to support the following exemptions. Exemption numbers, where applicable, must be indicated on the ST-MV-8.

- Sales for resale
- Sales of automobiles to be rented or leased
- Sales to exempt organizations
- Sales to amputee veterans
- Sales to persons engaged in commercial farming, commercial fishing or commercial aquaculture
- Trade-in deductions. (See Section 3 above.)

## **C. DEALER'S AND LESSOR'S CERTIFICATE (STMV 6)**

### **i. Sales of Vehicles**

A properly completed Dealer's Certificate indicates that the purchaser has paid the sales tax or is not liable for it and (when submitted to a registration agent) that the purchaser can register the vehicle without any further obligation. The dealer must issue the Dealer's Certificate for all sales except the following:

- Sales for resale;
- Sales of certain vehicles for immediate removal from Maine;
- Sales delivered outside of Maine; and
- Bona fide brokerage sales when the tax is not collected.

The customer needs a separate Dealer's Certificate for each vehicle to be registered. The dealer should indicate its sales tax registration number on the certificate. When a "package" has been purchased (boat and trailer, for example), two separate Dealer Certificates should be issued, one for each item, since one certificate will eventually be forwarded to the Bureau of Motor Vehicles while the other will go to the Department of Inland Fisheries and Wildlife.

### **ii. 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 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). These agents must provide the lessee with a Lessor's Certificate (found on the reverse side of the Dealer's Certificate) indicating 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.

### **iii. Leases of other Vehicles**

For the lease of a vehicle other than an automobile the dealer must complete the Dealer's Certificate. When the dealer is the lessor and the lease is either a true lease or a lease with option to purchase, complete the certificate by checking exemption "E. Other" and indicating "lease", list the dealer's name as the "Purchaser", and report the use tax on the tax return as "Other Taxable Purchases" based on the amount the dealer paid for the vehicle. 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. When the dealer sells a vehicle to a third party lessor, the dealer must collect the sales tax based on the sales price to the lessor and provide the Dealer's Certificate to whoever will register the vehicle.

### **iv. Rental**

Dealers engaging in short term rentals of automobiles must check off exemption "C" and provide their seller's registration number. Dealers that engage in an interim rental must check off "E. Other" and explain that the tax due will be reported as sales tax on their Maine Sales and Use Tax Return. Dealers must also check off "E. Other" and

provide an explanation for loaner vehicles that are exempt under §1752(11)(B); see Section 2(C)(ii) above).

**v. 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 Dealer's Certificate. 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 obligated to collect and report the tax and should not issue a Dealer's Certificate, unless the tax was collected.

**9. 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 the:

**MAINE REVENUE SERVICES  
SALES, FUEL AND SPECIAL TAX DIVISION  
P.O. BOX 1065  
AUGUSTA, ME 04332-1065  
TEL: (207) 624-9693  
TTY: (888) 577-6690**

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**Issued: August 30, 1953**

**Last Amended: July 1, 2008**

(Published under Appropriation 010-18F-0002-07)

**ATTACHMENT #1**  
**Excerpts from Maine Revised Statutes, Title 36**

**§1752. Definitions**

**1-A. Aircraft.** "Aircraft" means any powered contrivance designed for navigation in the air except a rocket or missile.

**1-B. Automobile.** "Automobile," for purposes of subsection 17-B means a self-propelled 4-wheel motor vehicle designed primarily to carry passengers and not designed to run on tracks. "Automobile" includes a pickup truck or van with a registered gross vehicle weight of 6,000 pounds or less.

**3. Farm tractor.** "Farm tractor" means any self-propelled vehicle designed and used primarily as a farm implement for drawing plows, mowing machines and other implements of husbandry.

**5-C. Loaner vehicle.** "Loaner vehicle" means an automobile to be provided to a motor vehicle dealer's service customers for short-term use free of charge pursuant to the dealer's franchise, as defined in title 10, section 1171, subsection 6.

**7. Motor vehicle.** "Motor vehicle" means any self-propelled vehicle designed for the conveyance of passengers or property on the public highways. "Motor vehicle" includes an all-terrain vehicle and a snowmobile as defined in Title 12, section 13001.

**7-A. Vehicle.** "Vehicle" has the same meaning ascribed to that term by Title 29-A, section 101, subsection 91.

**11. Retail sale.** "Retail sale" means any sale of tangible personal property or a taxable service in the ordinary course of business.

A. "Retail sale" includes:

(1) Conditional sales, installment lease sales and any other transfer of tangible personal property when the title is retained as security for the payment of the purchase price and is intended to be transferred later;

(2) Sale of products for internal human consumption to a person for resale through vending machines when sold to a person more than 50% of whose gross receipts from the retail sale of tangible personal property are derived from sales through vending machines. The tax must be paid by the retailer to the State;

(3) A sale in the ordinary course of business by a retailer to a purchaser who is not engaged in selling that kind of tangible personal property or taxable service in the ordinary course of repeated and successive transactions of like character; and

(4) The sale or liquidation of a business or the sale of substantially all of the assets of a business, to the extent that the seller purchased the assets of the business for resale, lease or rental in the ordinary course of business, except when:

(a) The sale is to an affiliated entity and the transferee, or ultimate transferee in a series of transactions among affiliated entities, purchases the assets for resale, lease or rental in the ordinary course of business; or

(b) The sale is to a person that purchases the assets for resale, lease or rental in the ordinary course of business or that purchases the assets for transfer to an affiliate, directly or through a series of transactions among affiliated entities, for resale, lease or rental by the affiliate in the ordinary course of business.

For purposes of this subparagraph, "affiliate" or "affiliated" includes both direct and indirect affiliates.

B. "Retail sale" does not include:

- (1) Any casual sale;
- (2) Any sale by a personal representative in the settlement of an estate, unless the sale is made through a retailer, or unless the sale is made in the continuation or operation of a business;
- (3) The sale, to a person engaged in the business of renting automobiles, of automobiles, integral parts of automobiles or accessories to automobiles, for rental or for use in an automobile rented on a short-term basis;
- (4) The sale, to a person engaged in the business of renting video tapes and video equipment, of video tapes or video equipment for rental;
- (5) The sale, to a person engaged in the business of renting or leasing automobiles, of automobiles for rental or lease for one year or more; or
- (6) The sale, to a person engaged in the business of providing cable or satellite television services, of associated equipment for rental or lease to subscribers in conjunction with a sale of extended cable or extended satellite television services;
- (7) The sale, to a person engaged in the business of renting furniture, or audio media and audio equipment, of furniture, audio media or audio equipment for rental pursuant to a rental-purchase agreement as defined in Title 9-A, section 11-105;
- (8) The sale of loaner vehicles to a new vehicle dealer licensed as such pursuant to Title 29-A, section 953;
- (9) The sale of automobile repair parts used in the performance of repair services on an automobile pursuant to an extended service contract sold on or after September 20, 2007 that entitles the purchaser to specific benefits in the service of the automobile for a specific duration;
- (10) The sale, to a retailer that has been issued a resale certificate pursuant to section 1754-B, subsection 2-B or 2-C, of tangible personal property for resale in the form of tangible personal property, except resale as a casual sale;
- (11) The sale, to a retailer that has been issued a resale certificate pursuant to section 1754-B, subsection 2-B or 2-C, of a taxable service for resale, except resale as a casual sale;

(12) The sale, to a retailer that is not required to register under section 1754-B, of tangible personal property for resale outside the State in the form of tangible personal property, except resale as a casual sale; or

(13) The sale, to a retailer that is not required to register under section 1754-B, of a taxable service for resale outside the State, except resale as a casual sale.

**13. Sale.** "Sale" means any transfer, exchange or barter, in any manner or by any means whatsoever, for a consideration and includes leases and contracts payable by rental or license fees for the right of possession and use, but only when such leases and contracts are deemed by the State Tax Assessor to be in lieu of purchase.

**13-A. Sale at retail.** "Sale at retail" means retail sale.

**14. Sale price.** "Sale price" means the total amount of a retail sale valued in money, whether received in money or otherwise.

A. "Sale price" includes:

- (1) Any consideration for services that are a part of a retail sale; and
- (2) All receipts, cash, credits and property of any kind or nature and any amount for which credit is allowed by the seller to the purchaser, without any deduction on account of the cost of the property sold, the cost of the materials used, labor or service cost, interest paid, losses or any other expenses.

B. "Sale price" does not include:

- (1) Discounts allowed and taken on sales;
- (2) Allowances in cash or by credit made upon the return of merchandise or with respect to fabrication services pursuant to warranty;
- (3) The price of property returned or fabrication services rejected by customers, when the full price is refunded either in cash or by credit;
- (4) The price received for labor or services used in installing or applying or repairing the property sold or fabricated, if separately charged or stated;
- (5) Any amount charged or collected, in lieu of a gratuity or tip, as a specifically stated service charge, when that amount is to be disbursed by a hotel, restaurant or other eating establishment to its employees as wages;
- (6) The amount of any tax imposed by the United States on or with respect to retail sales, whether imposed upon the retailer or the consumer, except any manufacturers', importers', alcohol or tobacco excise tax;
- (8) The fee imposed by Title 10, section 1169, subsection 11;
- (9) The fee imposed by section 4832, subsection 1; or
- (10) The lead-acid battery deposit imposed by Title 38, section 1604, subsection 2-B; or
- (11) Any amount charged or collected by a person engaged in the rental of living quarters as a forfeited room deposit or cancellation fee if the prospective occupant of the living quarters cancels the reservation on or before the scheduled date of arrival; or
- (12) The premium on motor vehicle oil changes imposed by Title 10, section 1020, subsection 6.

**14-B. Special mobile equipment.** "Special mobile equipment" means any self-propelled vehicle not designed or used primarily for the transportation of persons or property which may be operated or moved only incidentally over the highways, including, but not limited to, road construction or maintenance machinery, farm tractors, lumber harvesting vehicles or loaders, ditch-digging apparatus, stone crushers, air compressors, power shovels, cranes, graders, rollers, well drillers and wood sawing equipment.

**17-B. Taxable service.** "Taxable service" means the rental of living quarters in a hotel, rooming house, tourist or trailer camp; the transmission and distribution of electricity; the rental or lease of an automobile; and the sale of prepaid calling service.

**19-A. Trailer.** "Trailer" means 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. "Trailer" includes a camper trailer as defined in section 1481, subsection 1-A.

**20-A. Truck camper.** "Truck camper" means a slide-in camper designed to be mounted on a truck body to provide temporary living quarters for recreational, camping, travel or other use.

**21-A. Certain loaner vehicles.** The use of a loaner vehicle provided by a new vehicle dealer, as defined in Title 29-A, section 851, subsection 9, to a service customer pursuant to a manufacturer's or dealer's warranty.

**22. Camper trailer.** "Camper trailer" has the same meaning as in section 1481, but without any restriction on length.

**24. Watercraft.** "Watercraft" means any type of vessel, boat, canoe or craft designed for use as a means of transportation on water, other than a seaplane, including motors, electronic and mechanical equipment and other machinery, whether permanently or temporarily attached, which are customarily used in the operations of the watercraft.

## **§1760. Exemptions**

**21. Automobiles used in driver education program.** Sales to automobile dealers, registered under section 1754-B, of automobiles for the purpose of equipping the same with dual controls and loaning or leasing the same to public or private secondary schools without consideration or for a consideration of not more than \$1 a year, and used exclusively by such schools in driver education programs.

**21-A. Certain loaner vehicles.** The use of a loaner vehicle provided by a new vehicle dealer, as defined in Title 29-A, section 851, subsection 9, to a service customer pursuant to a manufacturer's or dealer's warranty.

**22. Automobiles to amputee veterans.** Sales of automobiles to veterans who are granted free registration of such vehicles by the Secretary of State under Title 29-A, section 523, subsection 1. Certificates of exemption or refunds of taxes paid must be granted under such rules or regulations as the State Tax Assessor may prescribe.

**23-C. Certain vehicles purchased or leased by nonresidents.** Sales or leases of the following vehicles to a person that is not a resident of this State, if the vehicle is intended to be driven or transported outside the State immediately upon delivery:

A. Motor vehicles, except:

(1) Automobiles rented for a period of less than one year and

(2) All-terrain vehicles and snowmobiles as defined in Title 12, section 13001;

B. Semi-trailers;

C. Aircraft; and

E. Camper trailers, including truck campers.

If the vehicles are registered for use in the State within 12 months of the date of purchase, the person seeking registration is liable for use tax on the basis of the original purchase price.

**25. Watercraft sold to nonresidents.** Sales of watercraft to a person that is not a resident of this State, when the watercraft is intended to be sailed or transported outside the State immediately upon delivery by the seller; sales to a person that is not a resident of this State, under contracts for the construction of a watercraft intended to be sailed or transported outside the State immediately upon delivery by the seller, of materials to be incorporated in the watercraft; and sales to a person that is not a resident of this State for the repair, alteration, refitting, reconstruction, overhaul or restoration of a watercraft intended to be sailed or transported outside the State immediately upon delivery by the seller, of materials to be incorporated in the watercraft. Unless the watercraft is present in the State, for a purpose other than temporary storage, for more than 30 days during the 12-month period following its date of purchase or is registered in Maine without also being registered in another state or documented with a location in this State, within 12 months of the date of purchase, the purchaser is exempt from the use tax.

**25-A. All-terrain vehicles.** Sales of all-terrain vehicles, as defined in Title 12, section 13001, purchased by an individual who is not a resident of this State.

**25-B. Snowmobiles.** Sales of snowmobiles, as defined in Title 12, section 13001, subsection 25, purchased by an individual who is not a resident of this State.

**41. Certain instrumentalities of interstate or foreign commerce.** The sale of a vehicle, railroad rolling stock, aircraft or watercraft that is placed in use by the purchaser as an instrumentality of interstate or foreign commerce within 30 days after that sale and that is used by the purchaser not less than 80% of the time for the next 2 years as an instrumentality of interstate or foreign commerce. The State Tax Assessor may for good cause extend for not more than 60 days the time for placing the instrumentality in use in interstate or foreign commerce. For purposes of this subsection, property is "placed in use as an instrumentality of interstate or foreign commerce" by its carrying of, or providing the motive power for the carrying of, a bona fide payload in interstate or foreign commerce, or by being dispatched to a specific location at which it will be loaded upon arrival with, or will be used as motive power for the carrying of, a payload in interstate or foreign commerce. For purposes of this subsection, "bona fide payload" means a cargo of persons or property transported by a contract or common carrier for compensation that exceeds the direct cost of carrying that cargo or pursuant to a legal obligation to provide service as a public utility or a cargo of property transported in the reasonable conduct of the purchaser's own nontransportation business in interstate commerce.

**76. Aircraft parts.** The sale or use in this State of replacement or repair parts of an aircraft used by a scheduled airline in the performance of service under 49 United States Code, Subtitle VII and Federal Aviation Administration regulations.

**82. Sales of property delivered outside this State.** Sales of tangible personal property when the seller delivers the property to a location outside this State or to the United States Postal

Service, a common carrier or a contract carrier hired by the seller for delivery to a location outside this State, regardless of whether the property is purchased F.O.B. shipping point or other point in this State and regardless of whether passage of title occurs in this State.

### **§ 1763. Presumptions**

The burden of proving that a transaction was not taxable is on the person charged with tax liability. The presumption that a sale was not for resale may be overcome during an audit or upon reconsideration if the seller proves that the purchaser was the holder of a currently valid resale certificate as provided in section 1754-B at the time of the sale or proves through other means that the property purchased was purchased for resale by the purchaser in the ordinary course of business. Notwithstanding section 1752, subsection 11, paragraph B, if the seller satisfies the seller's burden of proof, the sale is not considered a retail sale.

### **§ 1765. Trade-in credit**

When one or more items in one of the following categories are traded in toward the sale price of another item in that category, the tax imposed by this Part must be levied only upon the difference between the sale price of the purchased property and the trade-in allowance of the property taken in trade. This section does not apply to transactions between dealers involving exchange of the property from inventory:

- 1. Motor vehicles.** Motor vehicles;
- 3. Watercraft.** Watercraft;
- 4. Aircraft.** Aircraft;
- 6. Chain saws.** Chain saws;
- 7. Special mobile equipment.** Special mobile equipment;
- 8. Trailers.** Trailers; or
- 9. Truck campers.** Truck campers.

The trade-in credit allowed by this section is not available unless the items traded are in the same category, except that when a truck camper is taken in trade for a camper trailer or a camper trailer is taken in trade for a truck camper, the tax must be levied only upon the difference between the sale price of the purchased property and the trade-in allowance of the property taken in trade.

### **§1811. Sales tax**

A tax is imposed on the value of all tangible personal property and taxable services sold at retail in this State. The rate of tax is 7% on the value of liquor sold in licensed establishments as defined in Title 28-A, section 2, subsection 15, in accordance with Title 28-A, chapter 43; 7% on the value of rental of living quarters in any hotel, rooming house, tourist or trailer camp; 10% on the value of rental for a period of less than one year of an automobile, including a loaner vehicle that is provided other than to a motor vehicle dealer's service customers pursuant to a manufacturer's or dealer's warranty; 7% on the value of prepared food; and 5% on the value of all other tangible personal property and taxable services. Value is measured by the sale price, except as otherwise provided. The value of rental for a period of less than one year of an automobile is the total rental charged to the lessee and includes, but is not limited to, maintenance and service contracts, drop-off or pick-up fees, airport surcharges, mileage fees and any separately itemized charges on the rental agreement to recover the owner's estimated costs of the charges imposed by government authority for title fees, inspection fees, local excise tax and agent fees on all vehicles in its rental fleet registered in the State. All fees must be disclosed when an estimated quote is provided to the lessee.

The tax imposed upon the sale and distribution of gas, water or electricity, or telecommunications services, by any public utility, the rates for which sale and distribution are established by the Public Utilities Commission, must be added to the rates so established.

Rental or lease of an automobile for one year or more must be taxed at the time of the lease or rental transaction at 5% of the following: the total monthly lease payment multiplied by the number of payments in the lease or rental, the amount of equity involved in any trade-in and the value of any cash down payment. Collection and remittance of the tax is the responsibility of the person that negotiates the lease transaction with the lessee.

**§1811-A. Credit for worthless accounts**

The tax paid on sales represented by accounts charged off as worthless may be credited against the tax due on a subsequent return filed within 3 years of the charge-off, but, if any such accounts are thereafter collected by the retailer, a tax must be paid upon the amounts so collected.

**§1951-A. Collection of tax; report to State Tax Assessor**

**1. Monthly report and payment.** Every retailer shall file with the State Tax Assessor, on or before the 15th day of each month, a return made under the penalties of perjury on a form prescribed by the assessor. The return must report the total sale price of all sales made during the preceding calendar month and such other information as the assessor requires. The assessor may permit the filing of returns other than monthly. The assessor, by rule, may waive reporting nontaxable sales. Upon application of a retailer, the assessor shall issue a classified permit establishing the percentage of exempt sales. The classified permit may be amended or revoked if the assessor determines that the percentage of exempt sales is inaccurate. The assessor may for good cause extend for not more than 30 days the time for filing returns required under this Part. Every person subject to the use tax shall file similar returns, at similar dates, and pay the tax or furnish a receipt for the same from a registered retailer.

ST-MV-33	Immediate Removal Affidavit for Motor Vehicles
ST-P-19AE	Immediate Removal Affidavit for ATV's and Watercraft
ST-P-39	Nonresident Purchase of Snowmobile Affidavit
ST-MV-63	Purchase of Automobile for Lease or Rental
ST-MV-57A	Affidavit for Vehicle for use in Interstate Commerce
ST-MV-36	Out of State Delivery Affidavit
ST-L-154	Commercial Farm, Fish or Aquaculture Affidavit



# MAINE REVENUE SERVICES

## SALES, FUEL & SPECIAL TAX DIVISION

**AFFIDAVIT OF EXEMPTION FOR IMMEDIATE REMOVAL**  
**For a Motor Vehicle (excluding all-terrain vehicles and snowmobiles);**  
**Camper trailer (including a slide-in truck camper); Aircraft; or Semitrailer**  
**Sold to a Legal Resident of another State**

I certify this sale is exempt from sales tax, pursuant to 36 MRSA §1760(23) of the Maine Sales and Use Tax Law.

Make \_\_\_\_\_ Model \_\_\_\_\_ Year \_\_\_\_\_

VIN \_\_\_\_\_

Date of Sale \_\_\_\_\_ Sale Price \$ \_\_\_\_\_ Trade-in: Kind of Vehicle \_\_\_\_\_ \$ \_\_\_\_\_

Purchaser's Name – (please print) \_\_\_\_\_ last name \_\_\_\_\_ first \_\_\_\_\_ middle \_\_\_\_\_

Purchaser's Address – (please print) street address, PO Box number, etc. \_\_\_\_\_ City \_\_\_\_\_ State \_\_\_\_\_

The purchaser states to me at the time of sale that they are a legal resident of another state, and intend to remove the vehicle from Maine immediately upon delivery. If any information available to me indicates otherwise, I have retained evidence in addition to this affidavit which indicates that they have established legal residence in another state, such as records of permanent home, employment, tax registrations, federal identification number or driver's license from another state.

I declare under the penalties of perjury that all statements made by me herein are true, to the best of my knowledge and belief, and hereby authorize Maine Revenue Services to furnish a copy of this affidavit to the state which the purchaser declares herein to be their residence and/or to the state to which the vehicle is being removed.

Dealer's Name \_\_\_\_\_ Sales Tax # \_\_\_\_\_ Signature \_\_\_\_\_

I\*, \_\_\_\_\_, hereby certify that my legal residence\*\* or state of incorporation is in the state of \_\_\_\_\_, and that I will remove the vehicle to the state of \_\_\_\_\_ immediately upon delivery to me.

I do not claim Maine residency on any current income tax returns, homestead property tax exemptions, or licenses; to verify this, my Social Security Number or EIN is \_\_\_\_\_, and my date of birth or date of incorporation is \_\_\_\_\_.

I make this statement to allow the sale of the above described vehicle to me without payment of the Maine sales tax, otherwise applicable. If I register the vehicle in Maine within 12 months of the date of purchase, I will pay the Maine use tax at the time of registration based on the original purchase price. I declare under the penalties of perjury that the statements made herein are true to the best of my knowledge and belief and hereby authorize Maine Revenue Services to furnish a copy of this affidavit to the state of my legal residence and/or to the state to which the vehicle is being removed.

Signature of Purchaser \_\_\_\_\_ Title \_\_\_\_\_ Date \_\_\_\_\_

\*Name of Business, if other than an individual

\*\*One's fixed permanent home

Enclose this affidavit with the Maine Sales and Use Tax Return, and the Dealer's and Lessor's Supplemental Report.

ST-MV-33 Rev. 7/01



# MAINE REVENUE SERVICES

## SALES, FUEL & SPECIAL TAX DIVISION

### AFFIDAVIT OF EXEMPTION FOR IMMEDIATE REMOVAL For a Watercraft, or an All-Terrain Vehicle Sold to a Legal Resident of Another State

I certify this sale is exempt from sales tax, pursuant to 36 MRSA §1760(25), (25-A) of the Maine Sales and Use Tax Law.

Make \_\_\_\_\_ Model \_\_\_\_\_ Year \_\_\_\_\_ VIN \_\_\_\_\_

Date of Sale \_\_\_\_\_ Sale Price \$ \_\_\_\_\_ Trade-in: Kind of Vehicle \_\_\_\_\_ \$ \_\_\_\_\_

Purchaser's Name – (please print) last name first middle

Purchaser's Address – (please print) street address, PO Box number, etc. City State

The purchaser states to me at the time of sale that they are a legal resident of another state, and intend to remove the vehicle from Maine immediately upon delivery. If any information available to me indicates otherwise, I have retained evidence in addition to this affidavit which indicates that they have established legal residence in another state, such as records of permanent home, employment, tax registrations, federal identification number or driver's license from another state.

I declare under the penalties of perjury that all statements made by me herein are true, to the best of my knowledge and belief, and hereby authorize Maine Revenue Services to furnish a copy of this affidavit to the state which the purchaser declares herein to be their residence and/or to the state to which the vehicle is being removed.

Dealer's Name \_\_\_\_\_ Sales Tax # \_\_\_\_\_ Signature \_\_\_\_\_

I\*, \_\_\_\_\_, hereby certify that my legal residence\*\* or state of incorporation is in the state of \_\_\_\_\_, and that I will remove the vehicle to the state of \_\_\_\_\_ immediately upon delivery to me.

I do not claim Maine residency on any current income tax returns, homestead property tax exemptions, or licenses; to verify this, my Social Security Number or EIN is \_\_\_\_\_, and my date of birth or date of incorporation is \_\_\_\_\_.

I make this statement to allow the sale of the above described vehicle to me without payment of the Maine sales tax, otherwise applicable. If the property is present in Maine (for a purpose other than temporary storage) for more than 30 days during the 12-month period following its purchase, or is registered in Maine without also being registered in another state, or is documented with the U.S. Coast Guard with a location in Maine within 12 months of its purchase, I will make payment of use tax to the State of Maine based on the original purchase price. I declare under the penalties of perjury that the statements made herein are true to the best of my knowledge and belief and hereby authorize Maine Revenue Services to furnish a copy of this affidavit to the state of my legal residence and/or to the state to which the vehicle is being removed.

\_\_\_\_\_  
Signature of Purchaser Title Date

\*Name of Business, if other than an individual

\*\*One's fixed permanent home

Enclose this affidavit with the Maine Sales and Use Tax Return, and the Dealer's and Lessor's Supplemental Report.

ST-P-19AE Rev. 5/00



# MAINE REVENUE SERVICES SALES, FUEL & SPECIAL TAX DIVISION

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## AFFIDAVIT OF EXEMPTION For a Snowmobile and ATV's Sold to a Legal Resident of Another State

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I certify this sale is exempt from sales tax, pursuant to 36 MRSA §1760(25-A, 25-B) of the Maine Sales and Use Tax Law.

Make \_\_\_\_\_ Model \_\_\_\_\_ Year \_\_\_\_\_ VIN \_\_\_\_\_

Date of Sale \_\_\_\_\_ Sale Price \$ \_\_\_\_\_ Trade-in: Kind of Vehicle \_\_\_\_\_ \$ \_\_\_\_\_

\_\_\_\_\_  
Purchaser's Name - (please print) last name / first / middle

\_\_\_\_\_  
Purchaser's Address - (please print) street address, PO Box number, etc. city state

The purchaser states to me at the time of sale that he/she is a legal resident of another state. If any information available to me indicates otherwise, I have retained evidence in addition to this affidavit which indicates he/she has established legal residence in another state, such as records of his/her permanent home, employment, registration to vote, resident tax returns, or a driver's license from another state.

I declare under the penalties of perjury that all statements made by me herein are true, to the best of my knowledge and belief and hereby authorize Maine Revenue Services to furnish a copy of this affidavit to the state which the purchaser declares herein to be his/her legal residence and/or to the state to which the vehicle is being removed.

Dealer's Name \_\_\_\_\_ Sales Tax # \_\_\_\_\_ Signature \_\_\_\_\_

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I, \_\_\_\_\_, hereby certify that my legal residence (my one, true, fixed, and permanent home) is in the state of \_\_\_\_\_.

I do not claim Maine residency on any income current tax returns, homestead property tax exemptions, or licenses; to verify this, my Social Security Number is \_\_\_\_\_, and my date of birth is \_\_\_\_/\_\_\_\_/\_\_\_\_.  
month day year

I make this statement to allow the sale of the above described vehicle to me without payment of the Maine sales tax, otherwise applicable. I declare under the penalties of perjury that the statements made herein are true to the best of my knowledge and belief and hereby authorize Maine Revenue Services to furnish a copy of this affidavit to the state of my legal residence and/or to the state to which the vehicle is being removed.

Signature of Purchaser \_\_\_\_\_ Date \_\_\_\_\_

Enclose this affidavit with the Maine Sales and Use Tax Return, and the Dealer's and Lessor's Supplemental Report. ST-P-39 Rev. 6/05



# MAINE REVENUE SERVICES SALES, FUEL & SPECIAL TAX DIVISION

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## Certificate of Exemption To Purchase an Automobile for Lease or Short-Term Rental

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I hereby certify that I hold valid Seller's Registration Certificate No. \_\_\_\_\_ issued pursuant to the Maine Sales and Use Tax Law, that I am engaged in the business of renting automobiles for less than a year or leasing automobiles for a year or more, and that I will report the tax based on the lease or rental on my Maine Sales and Use Tax Return. The property described below which I shall purchase from \_\_\_\_\_ will be used for (check one):

\_\_\_\_\_ rental for less than a year; integral parts or accessories are exempt when used in an automobile which is rented on a short-term basis.

\_\_\_\_\_ lease for a year or more; integral parts and accessories **are not exempt** when used in an automobile being leased for a year or more.

When the automobile (or part or accessory) is used for any other purpose it is understood that I am required by the Maine Sales and Use Tax Law to report and pay tax based on the purchase price of such property.

Description of property: \_\_\_\_\_

Purchaser \_\_\_\_\_

Address \_\_\_\_\_

Date \_\_\_\_\_







# MAINE REVENUE SERVICES SALES, FUEL & SPECIAL TAX DIVISION

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## AFFIDAVIT OF EXEMPTION (To support out-of-state delivery)

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The undersigned hereby certifies that the item described below is sold exempt from Maine sales tax because it was delivered to the purchaser outside the State of Maine by contract or common carrier or by the seller.

Type of Property \_\_\_\_\_  
mobile home, motor vehicle, boat, etc.

Make \_\_\_\_\_ Year \_\_\_\_\_ Model No. \_\_\_\_\_

Serial No. \_\_\_\_\_ Sales Price \$ \_\_\_\_\_ Trade in \_\_\_\_\_

Date of Sale \_\_\_\_\_ Date of Delivery \_\_\_\_\_

The property described above was delivered to: Name of Purchaser \_\_\_\_\_

Legal Address of Purchaser \_\_\_\_\_

Place of Delivery \* \_\_\_\_\_  
Street City State

I hereby authorize Maine Revenue Services to furnish a copy of this affidavit to the state in which the purchaser declares herein as his legal address and/or to the state in which delivery was made.

Name of Seller \_\_\_\_\_ Sales Tax Cert. No. \_\_\_\_\_

Address \_\_\_\_\_

Signature of Seller \_\_\_\_\_

Signature of Person Making Delivery \_\_\_\_\_

The person shown above as seller or making delivery \_\_\_\_\_

Name of person  
personally came to me, who being duly sworn, did depose and say that the statements contained herein are true and correct.

Signed: \_\_\_\_\_

Justice of the Peace-Notary Public

Date: \_\_\_\_\_

My commission expires: \_\_\_\_\_

INSTRUCTIONS: This form, when completed, is to be forwarded by the dealer to the Sales Tax Section with the dealer's monthly sales tax report on which this sale is claimed to be exempt.

\*If delivery was by common or contract carrier employed by dealer, or was delivered directly from the factory to a point outside Maine by someone other than the dealer, please explain manner of delivery, giving name and address of delivery carrier, on back of this sheet. In such cases the dealer should retain in his files documentary evidence of such delivery.



# MAINE REVENUE SERVICES SALES, FUEL & SPECIAL TAX DIVISION

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## AFFIDAVIT OF EXEMPTION

For purchases of electricity or depreciable machinery or equipment for use in commercial agricultural production, commercial fishing or commercial aquacultural production pursuant to Section 2013 of the Maine Sales and Use Tax Law.

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I hereby certify that I hold a valid exemption certificate No. \_\_\_\_\_ issued pursuant to Section 2013 of the Sales and Use Tax Law, that I am engaged in commercial agricultural production of \_\_\_\_\_ or in the commercial fishing of \_\_\_\_\_ or commercial aquacultural production of \_\_\_\_\_ and that the electricity or depreciable machinery or equipment to be purchased from \_\_\_\_\_ is exempt for the reason(s) indicated below:

- a. Depreciable machinery or equipment used directly and primarily in commercial agricultural production;
- b. Depreciable machinery or equipment used directly and primarily in commercial fishing;
- c. Depreciable machinery or equipment used directly and primarily in commercial aquacultural production;
- d. Repair parts for depreciable machinery or equipment qualifying for exemption under (a) (b) or (c) above.
- e. Electricity for use in commercial agriculture, commercial fishing or commercial aquaculture.  
Utility Account No. \_\_\_\_\_

I also certify that the depreciable machinery or equipment purchased through this affidavit will be used by me directly and primarily in commercial agricultural production, commercial fishing or commercial aquacultural production and is 100% depreciable for Federal Income Tax purposes or that the electricity purchased will be used in qualifying activities or support operations.

I further certify that I assume full liability for payment to the State of Maine of any use taxes, together with penalties and interest, that may later be determined to be due on any purchases covered by this affidavit because of a taxable use of the property.

\_\_\_\_\_  
Name of Individual or Corporation

\_\_\_\_\_  
Business Name (if different)

\_\_\_\_\_  
Signature

\_\_\_\_\_  
Title

\_\_\_\_\_  
Date

**SEE NEXT PAGE FOR ADDITIONAL INFORMATION**

**ST-L-154**

**GENERAL RESTRICTIONS FOR USE OF THIS AFFIDAVIT OF EXEMPTION**

This affidavit is to be retained in the records of the seller to document the qualification of exemption of any sale claimed exempt under 36 M.R.S.A. § 2013(3). **It must be accompanied by a copy of the purchaser's Certificate of Exemption issued by Maine Revenue Services, valid at the time of sale.** A copy of the Certificate and Affidavit need to be obtained by the seller on each subsequent purchase. However, if the purchaser indicates that a certain purchase is exempt pursuant to this affidavit, the invoice must be appropriately marked to indicate the exempt sale. The words "Commercial Agricultural Exemption", "Commercial Fishing Exemption" or "Commercial Aquacultural Exemption" will satisfy this requirement.

This affidavit must be taken in good faith by the seller. The good faith of the seller will be questioned if the seller knows, or has reason to know, that the person making the purchase is not the holder of the Certificate of Exemption, or that the machinery or equipment purchased will not be used by the purchaser directly and primarily in commercial agricultural production, commercial fishing or commercial aquacultural production or that the electricity purchased will not be used by the purchaser for qualifying activities or support operations.

This affidavit is valid only for purchases of depreciable machinery or equipment, including repair parts for qualifying machinery or equipment, used directly and primarily in commercial agricultural production, commercial fishing or commercial aquacultural production. This affidavit is not to be used for the purchase of the following items:

- (1) Machinery or equipment not 100% depreciable for Federal Income Tax purposes.
- (2) Items not commonly used in commercial agricultural production, commercial fishing or commercial aquacultural production, such as lawn and garden tractors, fork lift trucks, lag tractors, backhoe tractors, computers etc.
- (3) Motor vehicles including all terrain vehicles (ATVs) and snowmobiles.
- (4) Attachments for motor vehicles such as fertilizer bodies and potato bulk bodies.
- (5) Trailers.
- (6) Materials to be incorporated into real property such as building materials, heating systems and ventilating systems.
- (7) Silos.

#### Misuse of Affidavit of Exemption

Purchasers who avoid payment of tax through deliberate misuse of this affidavit of exemption will be subject to prosecution.

#### Additional Information

Please refer to Sales/Excise Tax Section Instruction Bulletin No. 45 (Commercial Agricultural Production), Bulletin No. 44 (Commercial Fishing) or Bulletin No. 49 (Commercial Aquacultural Production) for further details regarding qualifications and requirements. Requests for information on specific situations should be in writing, should contain full information as to the situation in question and should be directed to:

MAINE REVENUE SERVICES  
SALES/EXCISE TAX DIVISION  
P.O. BOX 1065  
AUGUSTA, MAINE 04332-1065  
TEL. NO. (207) 624-9693

Or visit our website at: [www.maine.gov/revenue](http://www.maine.gov/revenue)

Rev. 1/01