



**MAINE SMALL BUSINESS
DEVELOPMENT CENTERS**

Maine Sales & Use Tax

Presented By:

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Funded in part through a cooperative agreement with the U.S. Small Business Administration

What does the Maine SBDC do?

Provides no-cost and confidential business advising to current and aspiring Maine business owners!

- Business Planning and Startups
- Business Transitions and Exits
- Assistance with Credit and Financing
- Financial Analysis
- Marketing and Sales
- Operations Management
- Much More!





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Disclaimer

THE SBDC DOES NOT PROVIDE TAX, LEGAL OR ACCOUNTING ADVICE.

THIS MATERIAL HAS BEEN PREPARED FOR INFORMATIONAL PURPOSES ONLY, AND IS NOT INTENDED TO PROVIDE, AND SHOULD NOT BE RELIED ON FOR, TAX, LEGAL OR ACCOUNTING ADVICE. YOU SHOULD CONSULT YOUR OWN TAX, LEGAL AND ACCOUNTING ADVISORS BEFORE ENGAGING IN ANY TRANSACTION.

Housekeeping

- This is being recorded if you prefer to have your camera off.
- It will be emailed to you within a week after the presentation.
- Please have audio on mute.
- Submit any questions in the chat.



Agenda

- Brief history
- Who needs to register
- How to Register
- Tax Rates
- Due Dates
- Nexus
- Q&A
- Helpful links

Context

- Maine first adopted a general state sales tax in 1951, and since that time, the rate has risen to 5.5 percent. In many states, localities are able to impose local sales taxes on top of the state sales tax
- Municipalities in Maine do not have the authority to impose additional local sales taxes
- The Maine Constitution does not specifically authorize a sales or use tax. These taxes are imposed under the residual taxing power of the legislature. The constitution does, however, cover taxation in Article IX, Section 8, which states that taxes on real and personal property must be assessed equally based on the property's value.



Who needs to register?

Businesses located in Maine & Remote Sellers

- Sell tangible goods
 - Automobiles, Boats, RVs
 - Clothing, Accessories / makeup
 - Sporting goods,
 - Giftware, antiques
 - Household goods
 - Prepared foods, non grocery
 - Spirits, beer, wine
 - Restaurant meals & beverages
- Sell taxable services
 - Rentals of:
 - Autos
 - Residents / short term
 - Campers/ RVs
 - Hotel stays, campground sites
 - Remote seller
 - Gross revenue exceeds \$100K
 - 200 transaction or more

Service Providers

Specific identified services provided in Maine

- Cable and satellite television or radio services
- Fabrication services
- Rental of video media and video equipment
- Rental of furniture, audio media and audio equipment pursuant to a rental- purchase agreement
- Telecommunications services
- Ancillary Services
- Installation, maintenance or repair of telecommunications equipment
- Private non-medical institution services
- Community support services for persons with mental health diagnoses
- Community support services for persons with intellectual disabilities or autism
- Home support services
- Group residential services for people with brain injuries
- Services that don't fall under one of these in general are not taxable

Rate Type	Effective 10/2013	Effective 01/2016	Effective 01/2017	Effective 02/01/2018	Effective 10/1/2019
General Sales	5.5%	5.5%	5.5%	5.5%	5.5%
Prepared Food	8%	8%	8%	8%	8%
Long Term Auto Rental	5.5%	5.5%	5.5%	5.5%	5.5%
Rentals of Lodging	8%	9%	9%	9%	9%
Short Term Auto Rental	10%	10%	10%	10%	10%
Use Tax	5.5%	5.5%	5.5%	5.5%	5.5%
Adult Use Marijuana					10%
Medical Marijuana	5.5%/8%*	5.5%/8%	5.5%/8%	5.5%/8%	5.5%/8%
Service Provider Tax	5%	6%	6%	6%	6%



What you need to apply

- Sole proprietors can use personal social security number
- Other entities – form entity first, then get your EIN
- You will need a NAICS code. visit the <https://www.census.gov/naics>
- Names and SS #s of all directors, partners, officers or members
- Physical location and mailing address for the business
- Email address
- Date of formation or incorporation
- Bank account information if setting up ACH
- https://www.maine.gov/revenue/sites/maine.gov/revenue/files/inline-files/19_Central_reg_app_booklet_ff_v2.pdf

Sales Tax Registration Form


- SECTION 1 - TAXPAYER INFORMATION**
- SECTION 2 - INCOME TAX WITHHOLDING/ payroll
- SECTION 3 - SALES AND USE TAX*
- SECTION 4 - SERVICE PROVIDER TAX
- SECTION 5 - MOTOR FUEL TAXES – GASOLINE
- SECTION 6 - MOTOR FUEL TAXES - SPECIAL FUEL
- SECTION 7 - SPECIAL TAXES
- SECTION 8 - OTHER BUSINESS TAXES
- SECTION 9 - INSURANCE TAXES
- SECTION 10 - ELECTRONIC FUNDS TRANSFER

Assistance is Available

- MAIL COMPLETED APPLICATION TO:
- Taxpayer Assistance P.O. Box 1057 Augusta, Maine 04332-1057
- QUESTIONS ?
- EMAIL: taxpayerassist@maine.gov
- PHONE: (207) 624-9784 FAX: (207) 287-6975 2/20
- Online registration is available at www.maine.gov/revenue
- [Instructional video for online registration](#)



at the time of registration and must be conspicuously displayed at the location



STATE OF MAINE
MAINE REVENUE SERVICE

THIS REGISTRATION CERTIFICATE FOR A

RETAILER

is issued under the provisions of M.R.S.A., Title 36, Part 3, §1754-B to:

ABC Corporation
Any Name Street
Anytown, ME 00000-0000

Registration Number: **0000000** _____ Date Issued: **MM DD, YYYY**

Business Code: 000
Filing Frequency: Monthly

Acting State Tax Assessor

This certificate must be conspicuously displayed at the location from which sales are made.

Phone: (207)624-9693 TDD: (207)287-4477 Fax: (207)287-6628
www.maine.gov/revenue

Retailer Certificate

Issued by the state of Maine

- Acknowledges that the entity is registered with MRS for the collection and remittance of sales and use tax
- Displays the sales tax registration number assigned to that business
- Must be made available for inspection upon request of MRS or an authorized municipal official
- Is valid until canceled by the taxpayer or revoked by MRS
- May not be transferred or assigned.



Resale Certificate

Do not give out the original; make copies to distribute when you purchase for resale.
Do not confuse this with the "Retailer" certificate (see sample below).

Purchaser's business name will be printed here.

Purchaser's Sales Tax Number

Type of activity this business is engaged in

Valid Date of Certificate

**STATE OF MAINE
MAINE REVENUE SERVICE**

ANNUAL RESALE CERTIFICATE

THIS CERTIFICATE IS VALID
JANUARY 1, 2004 THROUGH DECEMBER 31, 2004

Business Name and Location Address	Certificate Number	Business Type
ABC Corporation Any Name Street Anytown, ME 00000-0000	0000000	Grocery

This is to certify that the above named business is authorized to purchase tangible personal property for resale during the period identified on this certificate. This certificate cannot be reassigned or transferred and can only be used by the above business or its authorized employees. This certificate is void if the business has ceased operating or if the certificate has been altered.

Acting State Assessor

The above named business certifies that the following items of tangible personal property will be resold as tangible personal property in the ordinary course of their business:

Presented to: _____ Presented by: _____
(insert name of seller on photocopy) (date) Authorized Signature (purchaser) (date)

Purchaser enters a list of items that qualify as purchases for resale

Enter the Vendor's name

Purchaser signs and dates the certificate

State Tax Assessor's signature will appear here

If you have a business through which you are purchasing products for resale, you should have a reseller's permit, also known as a resale number, reseller's license, or sales tax identification number.

To qualify for a resale certificate, a retailer must have an active account and report gross sales of \$3,000 or more per year. MRS reviews all active sales tax accounts that do not have an active resale certificate each year. **Resale certificates are automatically issued to retailers that qualify.**

If you do not qualify for a resale certificate, sales tax must be paid to your vendor on all items purchased for resale. A credit for the amount of sales tax paid on items purchased for resale can be taken on your next sales tax return on the line that reads, "Credit for Sales Tax Paid on Goods Resold". Enter *only* the amount of sales tax paid.





Maine Revenue Services
Augusta, Maine

PERMANENT EXEMPTION CERTIFICATE

This Exemption Certificate
is issued under the provisions of Title 36, Part 3 MRSA

ILE IFE FILMS
754 MOUNT EPHRAIM RD
SEARSPORT, ME 04974-3911

Registration Number : E82203
Date Effective: May 1, 2010
Date Issued: June 4, 2010

ACTING EXECUTIVE DIRECTOR
Thomas D. Dwyer

Form ST-2
3138442100603

This certifies that the organization named above is an incorporated nonprofit historical society or museum, and is therefore entitled to purchase tangible personal property or taxable services that will be used exclusively by the organization for the purposes for which it is organized without payment of the Maine sales or use tax.



Sales & Use Tax is applied

- General sales of any tangible property with exemptions
- Prepared foods: restaurants, catered, REMs,
- Long term auto rentals are 12 months or more
- Lodging: hotels, camps, rooming house, casual rental, Airbnb
- Short term auto rentals: cars, SUVs, vans, and light trucks rented for less than 1 year
- Use Tax: out of state purchases, inventory used.
 - When a business withdraws goods from inventory for its own use. Use tax, in this case, is due at the time of withdrawal.

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. prescription drugs, and medical devices.

The state recommend businesses review the bulletins and notices put forth by Maine Revenue Services to stay up to date on which goods are taxable and which are exempt, and under what conditions

[Maine current tax bulletins](#)



Collecting Maine State Sales Tax

Program POS

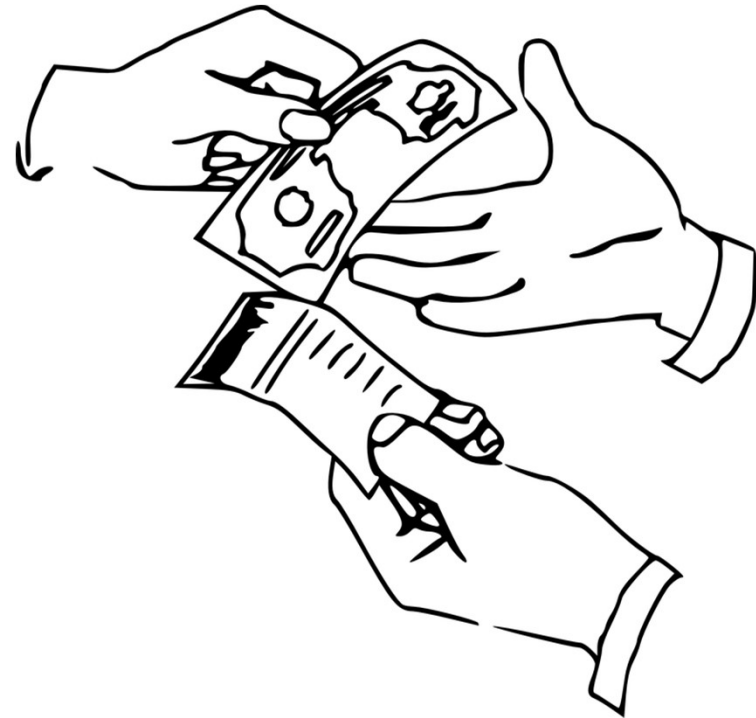
Charge the appropriate tax

Consumer pays the sales tax

Collect and set aside

File report

Remit the funds to MRS



Requirements for filing dates

- Average tax liability of \$600 or more per month must file monthly.
- Average tax liability of at least \$100 but less than \$600 per month may file quarterly returns.
- Average tax liability of less than \$100 per month but more than \$50 per year may file semiannual returns.
- Average tax liability is less than \$50 per year may file an annual return.
- Tax returns are due on the 15th day of the month following your reporting period end date. *
- Establish a Maine Tax Portal (“MTP”) account, you will receive notifications from the MTP prior to your next return’s due date.

Returns are due no later than the 15th of the month.

Month Activity Occurred	Monthly/Seasonal Returns Due	Quarterly Returns Due	Semi-Annual Returns Due	Annual Returns Due
January	February	April	July	January
February	March			
March	April			
April	May	July		
May	June			
June	July			
July	August	October	January	
August	September			
September	October			
October	November	January		
November	December			
December	January			



How to File

- **First time filers**
- You will need to create a username for the MTP before filing any tax returns through the MTP. Click the “Create a Username” hyperlink under the top-right login panel.
- [Click here to watch the instructional video for creating a username.](#)
- **Register Users** :Enter your username and password, and click “Log in.”
- Navigate to the “Summary” tab and select the appropriate tax type from the listed options, for example, “Sales and Use Tax,” and click “View and File Returns.” You will be presented with a list of filing periods and prompted to click “File Now” for each period.
- Click “Next” and continue to follow the prompts until you receive a message stating that you have successfully filed your return; the message will include a confirmation number. **If you owe tax on the return, you will be prompted to provide a payment method and schedule payment during the filing process.** Follow the on-screen prompts until you have affirmed your payment and received a confirmation number or printed off a check voucher, depending on your selected method of payment.
- [Click here to watch the instructional videos for filing a return.](#)



**BUSINESS NAME: ██████████ STONES CAFE
& BAKERY**

Registration No.	Business code	Period Begin	Period End	Due Date
1175513	013	06/01/2019	06/30/2019	07/15/2019
SALES	Gross Receipts:	1.	\$56,577.94	
BREAKDOWN	Deductions: Exempt Sales	2a.	\$0.00	
	Bad Debts	2b.	\$0.00	
	Industrial Energy Sales	3.	\$0.00	
	Taxable Sales: (lines 1-2a-2b-3)	4.	\$56,577.94	
SALES	Sales of Prepared Food subject to 8.0% tax	5.	\$56,165.94	Tax @ 8.0% 5A. \$4,493.28
	Sales subject to 5.5% tax	6.	\$412.00	Tax @ 5.5% 6A. \$22.66
MARIJUANA	Medical Marijuana Sales subject to 5.5% tax	7.	\$0.00	Tax @ 5.5% 7A. \$0.00
	Prepared Food containing Medical Marijuana Sales subject to 8.0% tax	8.	\$0.00	Tax @ 8.0% 8A. \$0.00
	Marijuana Sales subject to 10.0% tax	9.	\$0.00	Tax @ 10.0% 9A. \$0.00
	Marijuana Product Sales subject to 10.0% tax	10.	\$0.00	Tax @ 10.0% 10A. \$0.00
RENTALS	Long Term Rentals of Autos	11.	\$0.00	Tax @ 5.5% 11A. \$0.00
	Rentals of Lodging	12.	\$0.00	Tax @ 9.0% 12A. \$0.00
	Short Term Rentals of Autos	13.	\$0.00	Tax @ 10.0% 13A. \$0.00
	TAXABLE SALES	14.	\$56,577.94	14A. \$4,515.94
USE TAX	Industrial Energy Purchases	15.	\$0.00	Tax @ 5.5% 15A. \$0.00
	Other Taxable Purchases	16.	\$0.00	Tax @ 5.5% 16A. \$0.00
PREMIUMS & FEES	Tires and Lead-Acid Batteries			17. \$0.00
				18. \$0.00



	Gasoline Engine Oils @ \$1.10 per gallon		
	Diesel Engine Oils @ 35 cents per gallon	19.	\$0.00
	All Other Motor Vehicle Oil Premiums @ 35 cents per gallon	20.	\$0.00
	Prepaid Wireless Fee	21.	\$0.00
TOTAL DUE	<i>Total Taxes and Fees Due with this Return</i>	22.	\$4,515.94
CREDITS	Credit Carry Forward from prior period *	23.	\$0.00
	Credit for Sales Tax Paid on Goods Resold	24.	\$0.00
	* Amounts in lines 23 and 24 are subject to verification.		
AMOUNT DUE		25.	\$4,515.94
CREDIT DUE		26.	\$0.00

Key Reference links for specific industries

- [Auto Dealers](#)
- [Rental of Living Quarters](#)
- [Use Tax](#)
- [Photography & photo finish](#)
- [Food Sellers](#)
- [Florist](#)
- [Service Stations and auto repair](#)
- [BusinessGuide2020](#)
- [Contractors and subcontractors](#)

Market Place Facilitator Law

- Generally, a marketplace facilitator is defined as a marketplace that contracts with third-party sellers to promote the sale of certain tangible property, digital goods, and services through the marketplace.
- The state of Maine requires marketplaces to collect sales tax on behalf of sellers on online marketplaces like Amazon, Airbnb, and eBay.
- If you sell on a platform like Amazon, then Amazon will collect sales tax from your Maine buyers on your behalf, and remit it to the state.
- Maine's marketplace facilitator law states that marketplace facilitators collect Maine sales tax on behalf of third-party sellers in the previous or current calendar if sales exceeds \$100,000.00 or there are at least 200 separate sales transactions into Maine.
- The remote seller does not have to count the sales done through a marketplace facilitator when calculating the above criteria.



Sales Tax Nexus

Sales tax nexus is a term used to describe the connection between a business and state or local government that triggers the requirement to collect and remit sales tax. It is the minimum threshold of activity that a business must have in a state before it is obligated to collect and remit sales tax in that state

[sales tax nexus explained](#)

How a sales tax nexus goes into effect

A nexus occurs when a business meets a specific economic threshold. When a nexus forms, the business must collect and remit sales tax to the state.



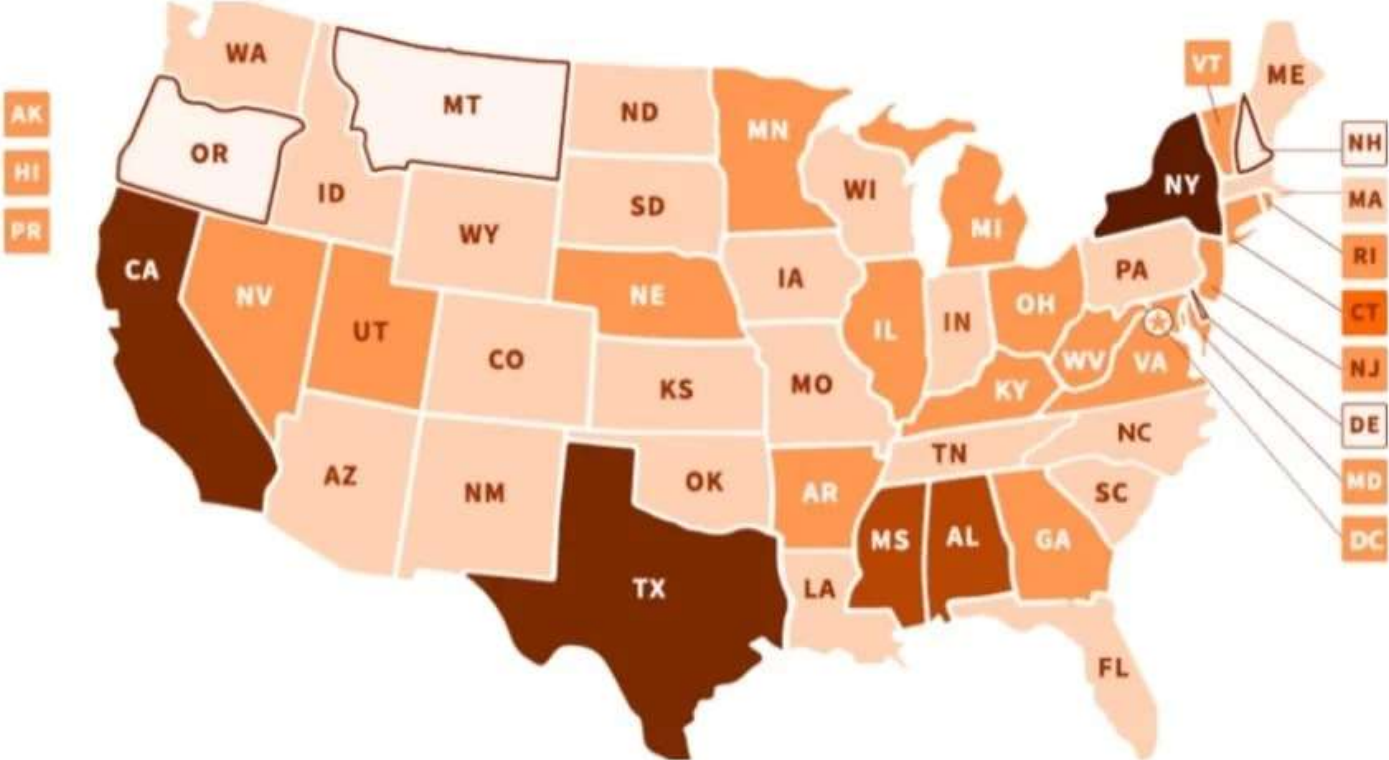
- Exceeding a number of sales** to residents of a state creates a nexus
- Having **employees, retail locations, or warehouses** in a state can trigger a nexus
- A business can have a sales tax nexus in **multiple states**

qb INTUIT quickbooks

Economic nexus thresholds

Thresholds legend

-  No economic nexus
-  \$100,000
-  \$100,000 **or** 200 transactions
-  \$100,000 **and** 200 transactions
-  \$250,000
-  \$500,000
-  \$500,000 **and** 100 transactions



When to collect online sales tax

- A couple of common scenarios for businesses who have [sales tax nexus](#) in Maine.
- **Example #1: You only make sales on online marketplaces that are Market place facilitators.**
- In this example, you only sell on Amazon and eBay. Because Amazon and eBay are both now collecting sales tax from buyers on your behalf, you are NOT required to collect sales tax from your buyers. (However, you may still be required to file periodic sales tax returns.
- **Example #2: You sell on online marketplaces and your own online store and/or brick and mortar store.**
- In this case, you'd still be required to collect sales tax from buyers who purchase from you through your own online store (for example, via your BigCommerce or Shopify store). And you would still be required to collect sales tax from your brick and mortar customers.



Tax Collection Options

- Numeral
- Tax Jar
- Quaderno
- Avarala
- Vertex
- [Tax Apps Options](#)
- Stripe Tax
- Quickbooks Sales Tax
- Tax Cloud
- Sales Tax DataLink
- Sovos
- Xero Tax

Purchasing a Business

Under Maine law, the owner(s) and person(s) who control the finances of a business may be liable for any unpaid trust fund taxes. The purchaser of a business or the stockholders of a business are required to withhold from the purchase price the amount of trust fund taxes, interest and penalties owed by the previous owner.

A purchaser who fails to withhold these debts can be held liable for the payment of these taxes, interest and penalties.

If you are not sure that the previous owner has paid all trust fund taxes incurred by the business, you should ask the previous owner to request, in writing,

Tax clearance letters from the Compliance Division of Maine Revenue Services.

If you owe Maine taxes, or if the previous owner of your business has not paid all trust fund taxes, processing of your tax registration application may be delayed or denied.



Failure to File

- Interest will be charged interest on unpaid tax due. Extension for filing does not extend time for payment.
- Intentional failure to collect tax is a class D crime. Can be held personally responsible
- Failure to file return may be charged penalty of \$25 or 10% of tax due whichever is greater
- Failure to pay may be charged 1% of unpaid tax for each month & may be charged up to 25% penalty
- Negligence, fraud and substantial understatement can be charged a penalty up to 75% of penalty

Keep Records

- Must keep accurate records
- Gross sales all revenue taxable and non taxable sales
- Deductions allowed: sales for resale, sales to exempt organizations, sales made outside the state of Maine
- The totals for each taxable category



Maine Revenue Contact Information

- Call Taxpayer Assistance at (207) 624-9784 or email taxpayerassist@maine.gov
- Walk-in help is available 8:00 a.m. to 4:30 p.m. Monday through Friday, excluding holidays. 51 Commerce Drive Augusta, Maine 04330
- CONTACT BUSINESS ANSWERS [Maine Business Answers](#)
- Department of Economic & Community Development: Augusta
In Maine: (800) 872-3838 Outside Maine: (800) 541-5872



We are here to help

Maine Small Business Development Centers (Maine SBDC)

Phone: 780-4952

Email: christine.cole@maine.edu

Website: www.mainesbdc.org

Visit our eLearning platform

YouTube Directory - [this list of playlists](#)



Questions?

