

# **ADMINISTRATIVE PRACTICE LETTER**

Section VII - E  
Issue 1  
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Effective 5/30/07

## **SUBJECT: SALES TAX**

### **GENERAL:**

The University of Maine System is exempt from payment of State of Maine Sales and Use tax on its purchases, but is responsible for the collection of Maine sales tax on sales it makes to others.

### **PURCHASES:**

Purchases are exempt from sales tax as long as the sales are made directly to the exempt entity, i.e., to any unit of the University of Maine System. Many vendors request a sales tax exemption number for their records, but such numbers are not issued to the University or to any agency of the State. A letter from the Bureau of Taxation explaining our exemption is attached and may be photocopied and sent to vendors as proof of our exemption.

### **SALES:**

Sales of tangible personal property are made both within the System and with outside parties. Sales made between departments or campuses are charged to University account numbers and are sales tax exempt. Sales made to students, individuals or organizations are taxable at the current sales tax rate, unless the purchasing party is specifically exempt by the Maine State Sales and Use Tax Division. Examples of taxable sales are: sales of books or personal items by bookstores to students, sales of services by a campus print shop to local companies and personal computers sold to employees. Meals sold by dining centers to non-exempt organizations are taxable, but casual meals sold to outsiders during regular serving hours remain exempt.

Casual sales of tangible personal property are ordinarily non-taxable. "Casual sales" are defined as isolated transactions in which tangible personal property is sold, as distinguished from repeated transactions of a similar character. An example of a "casual sale" is the sale of surplus property.

It is unlawful for any seller to advertise or represent that the tax will be absorbed by the seller, or that any part of it will be refunded. Since the University is not an ordinary retailer, any announcement of sales of taxable items by the University should indicate that sales tax is chargeable.

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State law provides severe penalties for willful evasion of the payment of sales taxes, or for allowing a non-exempt party to use an exemption.

If questions arise on any aspect of sales tax collection, please contact the Controller's Office.

### **REPORTING**

It is the responsibility of each campus Business Office to assure that sales taxes are collected on all taxable sales at the current rate or that evidence of tax exemption is provided. Sales tax receipts are to be deposited into accounts established for this purpose. SWS Accounting is responsible for preparing sales tax reporting forms and remitting the funds to the Bureau of Taxation.

### **APPROVED:**

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**Chief Financial Officer and Treasurer**



Maine Revenue Services  
Augusta, Maine

**PERMANENT EXEMPTION CERTIFICATE**

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

UNIVERSITY OF MAINE SYSTEM  
107 MAINE AVE  
BANGOR, ME 04401-4380

Registration Number: E10424  
Date Effective: September 13, 1997  
Date Issued: September 19, 2000

Executive Director

Form ST-2  
4071667000918

This certifies that the organization named above is a school, 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.

**Note to the Organization:** This certificate is not to be used in activities that are mainly commercial enterprises including, but not limited to, purchases of items which will be resold by the organization. A copy of this certificate with the certification completed below, must be provided to your vendors in order to purchase goods exempt from tax. It is only necessary to provide one copy to the vendor. Subsequent purchases should indicate that the purchase is exempt from tax. In order to be exempt, the sale must be billed directly to and paid for directly by the organization named on the exemption certificate. **This certificate cannot be used for purchases when payments are made with cash, personal checks, or personal credit cards.**

**Note to the Vendor:** This certificate must be taken in good faith from the taxpayer named above. Your good faith may be questioned if you have knowledge of facts which give rise to a reasonable inference that the purchaser is not the holder of the exemption certificate or that the merchandise is not to be used exclusively by the organization. This certificate is valid only if the following certification is completed.

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**PERMANENT EXEMPTION CERTIFICATE**

I HEREBY CERTIFY: That the above exemption certificate is valid, that the tangible personal property described herein which I shall purchase from \_\_\_\_\_ will be used exclusively by the organization named above for purposes for which it is organized.

Description of property to be purchased:

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Authorized Signature

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Date