

PLEASE NOTE: Legislative Information **cannot** perform research, provide legal advice, or interpret Maine law. For legal assistance, please contact a qualified attorney.

An Act To Increase the Collection of Sales and Use Tax

Be it enacted by the People of the State of Maine as follows:

Sec. 1. 36 MRSA §1766 is enacted to read:

§ 1766. Notification and duty to report certain information

1. Presumption. For the purposes of this section, a retailer that does not collect sales tax in the State and that is a part of a controlled group of corporations, as defined in Section 1563(a) of the Code, that has a component member, as defined in Section 1563(b) of the Code, that is a retailer with a physical presence in this State is presumed to be doing business in this State.

2. Notification at time of purchase. A retailer doing business in this State that does not collect sales tax in this State shall notify purchasers in this State at the time of purchase that sales or use tax may be due on certain purchases made from the retailer and that the State requires the purchaser to file a sales or use tax return. Failure to provide the notice is a civil violation for which a fine may be assessed in the amount of \$5 for each such failure.

3. Annual notice. A retailer that does not collect sales tax in this State and that is doing business in this State shall provide a notice to each purchaser in this State by January 31st annually showing the total amount paid by the purchaser to the retailer for purchases delivered into the State in the previous calendar year. Failure to provide the annual notice is a civil violation for which a fine may be assessed in the amount of \$10 for each such failure. The notice must be provided by first-class mail and include the words "Important Tax Document Enclosed" on the exterior of the mailing. The notice must include the following information, if available:

A. Dates of and amounts paid for purchases;

B. Descriptions of items purchased, including, if known by the retailer, whether a purchase is exempt from sales and use tax; and

C. A statement that the laws of this State require that a sales or use tax return be filed and tax paid on certain purchases made by the purchaser from the retailer.

4. Report to bureau. A retailer that is required to notify purchasers under this section shall file with the bureau a statement by March 1st annually showing the information provided to each purchaser in the State for which notice is required under subsection 3. Failure to file the statement is a civil violation for which a fine may be assessed in the amount of \$10 for each purchaser who should have been included in the statement.

Sec. 2. Application. This Act applies to sales made on or after November 1, 2011.

SUMMARY

This bill requires out-of-state retailers that are not required to collect sales tax and that are part of a controlled group of corporations with a connection in the State to notify purchasers in the State of the obligation to pay sales or use tax and requires those retailers to provide annual statements of purchases to the purchasers and the Department of Administrative and Financial Services, Maine Revenue Services. Fines are provided for failure to provide the required notifications and statements.