

## **Maine Business Equipment Tax Exemption (BETE) Program Effective April 1, 2008**

- **The Business Equipment Tax Exemption (BETE) program goes into effect on April 1, 2008.** It applies ONLY to certain qualified equipment first placed in service after April 1, 2007.
- **Businesses continue to be required to itemize and report all personal property used in the business.** Taxable items are reported separately from exempt items.
  - The application for exemption is due by **May 1**. The form is enclosed.
  - Each year, a business must reapply for the exemption on all eligible items.
- **The Exemption program is limited and it is not retroactive.** Businesses will continue to pay property taxes locally for business personal property placed in service on or before April 1, 2007. The new exemption is limited to certain equipment owned and used in certain businesses.
- **The Business Equipment tax Reimbursement (BETR) program remains in effect.** Most personal property that is taxed locally will remain eligible for partial reimbursement from the State of Maine's Business Equipment Tax Reimbursement (BETR) Program, just as it is today. Additionally, certain new retail and service business property that does not qualify for BETE may be reimbursable under the BETR program.

### **Exemption or Reimbursement?**

➤ <b>Exemption (BETE):</b> Applies only to certain items assessed and taxed for the first time in 2008 (i.e. items acquired after April 1, 2007)	➤ <b>Reimbursement (BETR):</b> Applies to certain items currently assessed that were placed in service after April 1, 1995, and that are not eligible for BETE.
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- **Does my business qualify for the Exemption (BETE) program?** The BETE law states that the exemption program does not include property used in "retail sales activity" located in a "retail sales facility". A retail sales activity includes the selection, purchase or rental of goods or services; a sales facility is a structure used to serve customers who are physically present to choose, purchase or rent goods or services.

However, if your business involves the performance of services where the delivery of the services is not "near contemporaneous" (very close together in time) with the selection and purchase of the services by retail customers or clients who are physically present at the facility (for example, the drafting of legal documents or the provision of accounting services), then your equipment is not considered as used in a "retail sales activity" and would be eligible for the exemption program.

Maine Revenue Services cites the following examples of non-retail business whose property under most circumstances will qualify for BETE (exemption):

<ul style="list-style-type: none"> <li>▪ Accounting firms</li> <li>▪ Computer consultants</li> <li>▪ Industrial</li> </ul>	<ul style="list-style-type: none"> <li>▪ Law firms</li> <li>▪ Engineering</li> </ul>	<ul style="list-style-type: none"> <li>▪ Medical Laboratories</li> <li>▪ Insurance companies</li> <li>▪ Banks</li> </ul>
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These types of retail/service businesses are excluded from BETE in most circumstances, but continue to be eligible for BETR (Reimbursement):

<ul style="list-style-type: none"> <li>▪ Hair salons/Barber shops</li> <li>▪ Restaurants</li> </ul>	<ul style="list-style-type: none"> <li>▪ Automotive repair shops</li> <li>▪ Gas stations</li> </ul>	<ul style="list-style-type: none"> <li>▪ Laundromats</li> <li>▪ Motels/Hotels/B&amp;B</li> <li>▪ Health clubs</li> </ul>
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For other types of businesses, such as construction, eligibility for BETE has not yet been determined by Maine Revenue Services. One factor may be whether or not your business has a “retail sales facility”. If you have questions about your business’ eligibility for the BETE program, please contact Maine Revenue Services at 287-2011.

**NOTE: Retail businesses do qualify for the reimbursement (BETR) program.**

Applications are available through the State each year after August 1 for reimbursement of business personal property taxes paid in the previous year. Applications are due each year at the end of December for reimbursement of the prior year’s taxes.

Other businesses, primarily public utilities and communications businesses (paging, cell phones, cable television, satellite TV, etc.) are specifically excluded from the exemption program. These businesses are also excluded from the reimbursement (BETR) program.

**What items DO NOT qualify for exemption (BETE) or reimbursement (BETR)?**

- Office furniture: tables, chairs, desks, bookcases, filing cabinets, office partitions, etc. (NOTE: Office equipment (telephones, copies, printers, etc.) does qualify for exemption or reimbursement.)
- Lamps & Lighting Fixtures
- Gambling machines/devices, including repair and replacement parts.
- Improvements to real property that serve the building/land (vs. improvements that further a particular trade or business activity, which are eligible for exemption or reimbursement programs).

**Who determines if whether my application for the BETE program is accepted?**

The initial decision to accept a business’ application for the BETE program is made by the Assessor, based on the guidelines provided in the law and interpreted by Maine Revenue Services. If Maine Revenue Services later determines the Assessor’s decision to grant an exemption to be in error, you will be notified by them and will receive a supplemental assessment from the community’s assessor.

**For More Information:** Contact Maine Revenue Services-Property Tax Division-POB 9106-Augusta, Maine 04332-9106. Phone: 207-287-2011 Fax: 207-287-6396.