

Maine Business Equipment Tax Exemption (BETE) Program

Effective April 1, 2008

- The Business Equipment Tax Exemption (BETE) program went into effect **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. Forms will be available from the Assessor's Office and the Maine Revenue Services website (see below).
<http://mainegov-images.informe.org/revenue/propertytax/propertytaxbenefits/beteapplication.pdf>
 - 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, and does not qualify for BETE, may be eligible for partial reimbursement of the tax paid to the municipality through the State of Maine's Business Equipment Tax Reimbursement (BETR) program. Additionally, certain new retail and service business property which does not qualify for BETE may be reimbursable under the BETR program.

Exemption or Reimbursement?

<ul style="list-style-type: none">➤ Exemption (BETE): Applies only to certain items assessed and taxed for the first time in 2008 (i.e. items acquired after April 1, 2007).	<ul style="list-style-type: none">➤ Reimbursement (BETR): 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):

- Accounting firms
- Banks (Branches Excluded)
- Computer consultants
- Engineering
- Industrial Law firms
- Insurance Offices (Independent Sales Offices Excluded)
- Medical laboratories

These types of retail/service businesses are excluded from BETE in most circumstances, but continue to be eligible for BETR (Reimbursement):

- | | | |
|---|--|---|
| <input type="checkbox"/> Hair salons/Barber shops | <input type="checkbox"/> Automotive Repair shops | <input type="checkbox"/> Laundromats |
| <input type="checkbox"/> Restaurants | <input type="checkbox"/> Gas Stations | <input type="checkbox"/> Hotels/Motels, B&B |
| <input type="checkbox"/> Bank Branch Offices | <input type="checkbox"/> Insurance Independent Sales Offices | <input type="checkbox"/> Health clubs |

If you have questions about your business' eligibility for the BETE program, you may contact Maine Revenue Services.

Note: Retail businesses DO qualify for the reimbursement (BETR) program. Applications are available 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)?

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

Who determines 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 the Maine Revenue Services. If your application is denied, the assessor will notify you. 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 municipality.

For More Information:

Business Equipment Tax Exemption (BETE)

MRSA 36 §691-700-B <http://janus.state.me.us/legis/statutes/36/title36sec691.html>

Maine Revenue Services - Property Tax Division

PO Box 9106

Augusta, Maine 04332-9106

207-624-5600 phone; 207-287-6396 fax;

<http://www.maine.gov/revenue/propertytax/propertytaxbenefits/bete.htm>

Business Equipment Tax Reimbursement (BETR)

MRSA 36 §6651-6665 <http://janus.state.me.us/legis/statutes/36/title36sec6651.html>

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