

Sales/Use/Indirect:

Maine Revenue Services Reminds that New Law Shifted to Lease Stream Taxation of TPP Rentals as of January 1

Notice to Lessors of Tangible Personal Property, Me. Rev. Serv. (12/24). Maine Revenue Services (MRS) reminds that pursuant to legislation enacted in 2024 [see LD 2214 / HP 1420, signed by gov. 4/22/24, and *State Tax Matters*, Issue 2024-17, for more details on this legislation], beginning January 1, 2025, the imposition of Maine sales tax on tangible personal property, including products transferred electronically, leased or rented in Maine shifted to impose the sales tax on each periodic lease or rental payment paid by the lessee rather than wholly upfront. For leases in effect, entered into, or renewed on or after January 1, 2025, "lessors are required to charge and collect Maine sales tax from the lessee on each lease or rental payment." MRS also explains that each period of time for which a lease or rental payment is charged is considered a separate sale, and the sale price of a lease or rental of tangible personal property, including products transferred electronically, generally includes:

URL: <https://www.maine.gov/revenue/sites/maine.gov.revenue/files/inline-files/LeaseRentalNotice012025.pdf>

URL: <https://legislature.maine.gov/billtracker/#Paper/HP1420?legislature=131>

URL: https://dhub.deloitte.com/Newsletters/Tax/2024/STM/240426_8.html

- The total amount of payment or periodic payments received, whether received in money or otherwise, without any deduction on account of the cost of the property sold or leased, the cost of the materials used, labor or service cost, interest paid, losses or any other expenses;
- All charges including, but not limited to, maintenance and service contracts, setup, hook-up, assembly or disassembly, erection and dismantling, cancellation charges and early termination charges, transportation charges for delivery by the lessor to the lessee, pickup and other handling charges, administrative charges, fuel charges, surcharges, and late return charges, whether or not such amounts are separately stated;
- Payments paid by the lessee to a third party for the benefit of the lessor which are required by the terms of the agreement; and
- All itemized charges for costs incurred by the lessor and passed on to the lessee as separate charges in the lease or rental agreement, including, but not limited to, finance or interest charges, property tax, and inspection fees.

The guidance also explains how beginning January 1, 2025, the sale, lease or rental, or license of canned computer software or a product transferred electronically is considered a taxable sale of tangible personal property in Maine. Please contact us with any questions.

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