

Sales/Use/Indirect:

Maine Revenue Services Proposes Rule Reflecting Shift to Lease Stream Taxation of TPP Rentals

Proposed New Rule 326, "Leases and Rentals of Tangible Personal Property," Me. Rev. Serv. (4/21/25); *Maine Tax Alert: MRS Rulemaking Activity Proposed Rule,* Me. Rev. Serv. (4/25). Maine Revenue Services has posted an updated new rule [see *State Tax Matters*, Issue 2025-12, for details on earlier proposal] reflecting legislation enacted in 2024 that, beginning January 1, 2025, imposes Maine sales tax on tangible personal property (including products transferred electronically) leased or rented in Maine based on each periodic lease or rental payment paid by the lessee rather than wholly upfront [see LD 2214 / HP 1420, signed by gov. 4/22/24, and *State Tax Matters*, Issue 2024-17, for more details on this 2024 legislation]. The proposed new rule includes relevant definitions, explanations, and examples of taxable and nontaxable transactions related to this shift of the imposition of sales or use tax on leased property from being due from the lessor upfront on the entire purchase price of the rental property to instead requiring the lessor to collect sales tax from the lessee on each lease or rental payment. The proposed new rule also addresses "other potential sales and use tax issues related to such transactions, including software licenses; sourcing of leases and rentals; and the calculation of sale price for leases and rentals." Written comments on the proposed new rule are now due by May 16, and a related public hearing (which may be attended in person or virtually) is scheduled for May 5. Please contact us with any questions.

URL: https://www.maine.gov/revenue/sites/maine.gov.revenue/files/inline-files/326%20Leases%20and%20Rentals%20of%20Tangible%20Personal%20Property_0.pdf

URL: https://www.maine.gov/revenue/sites/maine.gov.revenue/files/inline-files/ta_april2025_vol35_iss8.pdf

URL: https://dhub.deloitte.com/Newsletters/Tax/2025/STM/250328_10.html

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

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

— Jack Lutz (Hartford)
Managing Director
Deloitte Tax LLP
jacklutz@deloitte.com

Inna Volfson (Boston)
Managing Director
Deloitte Tax LLP
ivolfson@deloitte.com

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