

Maine Business Equipment Tax Exemption (BETE) Program

Effective April 1, 2008

- **The Business Equipment Tax Exemption (BETE) program goes into effect April 1, 2008.**
It applies **ONLY** to certain non-retail business types and for only qualified equipment first placed in service after April 1, 2007.
- **Businesses continue to be required to itemize and report all non-exempt personal property used in the business in exactly the same manner as previous years.** BETE reported separately.
- **The Business Equipment Tax Exemption (BETE) program.**
 - The application for exemption is due by April 1. Forms will be available from the Assessor's Office and online at Maine Revenue Service: Property Tax – BETE
 - If a taxpayer fails to file or notify the Assessor, in writing, requesting an extension of filing date the taxpayer may NOT obtain an exemption for that property for that tax year.
 - 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 non-retail sales businesses.
- **The Business Equipment Tax Reimbursement (BETR) program remains in effect.** Qualified personal property that is taxed locally will remain eligible for 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 which does not qualify for BETE may be reimbursable under the BETR program.

Exemption or Reimbursement?

Exemption (BETE): Applies only to certain businesses and qualified items assessed and taxed for the first time in 2008 (i.e. items acquired after April 1, 2007).	Reimbursement (BETR): Applies to qualified items currently assessed that were placed in service after April 1, 1995, and that are not eligible for BETE. (Apply after August 1)
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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** (*No customers on site for the purchase of an available product*) whose personal property under most circumstances will qualify for BETE (Exemption):

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|---|--------------------------------------|---|
| <input type="checkbox"/> Accounting Firms | <input type="checkbox"/> Law Firms | <input type="checkbox"/> Medical Laboratories |
| <input type="checkbox"/> Computer Consultants | <input type="checkbox"/> Engineering | <input type="checkbox"/> Insurance Companies |
| <input type="checkbox"/> Industrial/Manufacturing | | <input type="checkbox"/> Banks (Bank branches do not qualify) |

These types of retail/service businesses (*customers on site to receive a product or service*) are ineligible for BETE in most circumstances, but continue to be eligible for BETR (Reimbursement):

- | | | |
|---|--|---|
| <input type="checkbox"/> Doctors/Dentists | <input type="checkbox"/> Automotive Repair shops | <input type="checkbox"/> Laundromats |
| <input type="checkbox"/> Hair salons/Barber shops | <input type="checkbox"/> Gas Stations | <input type="checkbox"/> Hotels/Motels, B&B |
| <input type="checkbox"/> Restaurants | <input type="checkbox"/> Grocery Stores | <input type="checkbox"/> Health Clubs |

For other types of businesses, 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 (207) 287-2011.

Note: Retail businesses DO qualify for the reimbursement (BETR) program. Applications are available each year after August 1 for reimbursement of qualified 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, 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 City of Belfast.

For More Information:

Bus. Equip. Tax Exemption (BETE)

MRSA 36 §691 (April 1, 2008)

online at :

Maine Revenue Service: Property Tax - BETE

Bus. Equip. Tax Reimbursement (BETR)

MRSA 36 §6651 (Updated)

online at :

Maine Revenue Service: Property Tax - BETR