

BUSINESS EQUIPMENT TAX EXEMPTION PROGRAM (BETE)

The State of Maine implemented a program called the Business Equipment Tax Exemption (BETE) for eligible business equipment first subject to assessment on or after April 1, 2008.

What is the BETE Program?

BETE stands for **B**usiness **E**quipment **T**ax **E**xemption. Eligible business equipment (personal property) first subject to assessment on or after April 1, 2008 will be exempt from Maine personal property tax if an exemption request is submitted to the municipality. Eligible business equipment is property that would have ordinarily qualified for the Business Equipment Tax Reimbursement (BETR) Program, except for equipment located at certain retail facilities.

All businesses (whether they are qualified for the BETE program or not) are still required to continue to provide the Assessor with a yearly listing (declaration) of all personal property used in the business.

Applications for this exemption are due by May 1st of each year. Each year a business must reapply for the exemption. Failure to file the report in a timely manner, including any extensions of time, disqualifies the property involved from exemption for that tax year per Maine State law Title 36 subchapter 4-C section 693.

Does my business qualify for the 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." Retail sales activity includes the selection, purchase or rental of goods or services.

Retail 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 service is not close together in time with the selection and purchase of the services by retail customers, then your equipment is not considered as "retail sales activity" and would be eligible for the exemption program.

Maine Revenue Services cites the following examples of non-retail businesses whose property under most circumstances will qualify for the BETE program:

Accounting firms, Law firms, Medical laboratories, Banks, Computer consultants, Engineering -Insurance companies

The following types of retail/service businesses are excluded from BETE (Exemption) program in most circumstances, but are eligible for the BETR (Reimbursement) Program:

Hair salons/Barber shops, Automotive Repair Shops, Laundromats, Restaurants, Gas Stations, Hotels/Motels/B&B, Health Clubs

Some 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.

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 any questions or concerns regarding your business' eligibility for the BETE program, please contact Maine Revenue Services, (BETE) Property Tax Division at 207-287-2011.

What items do not qualify for the (BETE) program?

Items that do not qualify for the BETE Program include office furniture, tables, chairs, desks, bookcases, filing cabinets, office partitions, lamps and lighting fixtures, gambling machines, devices including repair and replacement parts, improvements that further a particular trade or business activity, which are eligible for the exemption or reimbursement programs.

***NOTE:** Office equipment to include (telephones, copiers, printers etc.) does qualify for the exemption or reimbursement program. (Please see reverse side for information regarding the BETR program).

BUSINESS EQUIPMENT TAX REIMBURSEMENT PROGRAM (BETR)

What is the BETR Program?

Eligible business property first placed in service after April 1, 1995 and on or before April 1, 2007 continues to qualify for BETR. Eligible property placed in service by certain retail facilities after April 1, 2007 will also be eligible for BETR.

Does my business qualify for the BETR Program? Who may apply?

Any business taxpayer assessed and paying the personal property tax on eligible business property first placed in service in Maine (either by the current owner or previous owner) after April 1, 1995 may apply for a reimbursement of the property tax paid. "Eligible property" for the Business Equipment Tax Reimbursement Program means qualified business personal property first placed in service in Maine after April 1, 1995. Eligible property includes construction in progress commenced in the state after April 1, 1995, repair and replacement parts, improvements and inventory parts. Construction in progress prior to April 2, 1995 that was previously eligible for reimbursement in 1996 remains eligible for reimbursement.

Property that does not qualify for BETR program:

Qualified business property does not include land or building; however, it does include property affixed or attached to a building or other real estate if it is used to further the particular trade or business activity taking place at that location. It does not include components or attachments to a building if used primarily to serve the building (for example, standard heating, and air conditioning, plumbing and lighting systems). It also does not include land improvements typically made to further the use of the land (for example, driveways, parking lots or fences).

Property placed in service in Maine prior to April 2, 1995 (whether by current or previous owner does not qualify for reimbursement).

Reimbursement is not allowed for office furniture (such as tables, chairs, desks, bookcases, filing cabinets and modular office partitions, lamps and lighting fixtures placed in service after April 1, 1996. Property that does not qualify for the BETR Program also includes gambling machines or devices for property tax years beginning on or after April 1, 2004. Vehicles registered for on the road use which an excise tax has been paid or such a property tax has been applied as a credit against excise tax is also not qualified for reimbursement.

Businesses that do not qualify for the BETR program:

- Public utilities businesses as well as certain energy facilities including most natural gas pipelines and property used to produce or transmit energy primarily for sale
- Businesses that provide radio paging services
- Businesses that provide mobile telecommunications services, cable television companies as well as businesses that provide satellite based direct television broadcast services.
- Businesses that provide multi-channel, multi-point television distribution services.
- Businesses that have ceased all productive operations on April 1 of the assessment year and for the 12 month period immediately preceding application for reimbursement. This rule does not apply if the owner can demonstrate a good faith effort to sell the property (effective for assessments made on or after April 1, 2002).

Filing Deadline:

All BETR applications must be filed with the Maine Revenue Service by December 31st of each year for reimbursement. If you have any questions or concerns regarding your business' eligibility for the BETR program, please contact Maine Revenue Services, (BETR) Property Tax Division at 207-624-7894 or you can get more information by visiting their website at www.maine.gov/revenue.