



JOHN ELIAS BALDACCI
GOVERNOR

STATE OF MAINE
MAINE REVENUE SERVICES
24 STATE HOUSE STATION
AUGUSTA, MAINE
04333-0024

ADMINISTRATIVE & FINANCIAL SERVICES

REBECCA M. WYKE
COMMISSIONER

JEROME D. GERARD
ACTING EXECUTIVE DIRECTOR

Law Change Effective July 1, 2005

Casual Rentals of Living Quarters subject to 7% Sales Tax

A person who owns a house, cottage, condominium unit, vacation home, camp or any other place kept, used, maintained, advertised or held out to the public as a place where living quarters are offered for rent to transient guests or tenants is required to register with MRS and collect and remit sales tax on such rentals at the rate of 7% beginning July 1, 2005. A person does not need to register nor collect tax if total rentals are for fewer than 15 days each calendar year.

Previous to this change in law, these rentals were regarded as casual sales if the person only rented one property. If the person had placed that property in the hands of a management company or realtor or if the person had owned and operated more than one property, that person should have been collecting the 7% tax.

Rentals in the following situations are not subject to tax:

- Rental to a sales tax exempt organization (governmental agencies or holders of a Maine permanent exemption certificate)
- Continuous rental to a person for more than 28 days when it is the person's primary residence
- Continuous rental to a person for more than 28 days when the person is residing away from that person's primary residence (their home) due to employment or education (statement required from educational institution or employer.)

For more information regarding tax on rentals of living quarters, see Sales Tax Instructional Bulletin #32 at <http://www.maine.gov/revenue/salesuse/Bull32.pdf>

Transition

All rentals on or after July 1, 2005 will be subject to the 7% tax. All rentals are considered sold when occupancy is made. Deposits received are not sales. Thus, if a deposit was received prior to July 1, 2005 for a rental occurring on or after July 1, 2005, the rental is subject to tax even if the entire rental charge was paid prior to July 1, 2005.

How to Register for a Maine Sales Tax Account

[Application for Business Ownership \(EIN's\)](#)

[Application for Individual Ownership \(SSN's\)](#)