

MAINE STATE LEGISLATURE

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STATE OF MAINE

Inter-Departmental Memorandum Date April 23, 1962

To Ernest H. Johnson, State Tax Assessor Dept. Bureau of Taxation

From Ralph W. Farris, Asst. Atty. General Dept. " " "

Subject Interpretation of construction contract for boat

Your memorandum of April 17, 1962, received relating to tax on lobster boat between Stanley F. Cunningham and Samuel L. Belknap, with letter from Dr. Belknap and copy of undated agreement.

You request me to review the material and advise whether under the contract in question sales or use tax would apply only to the costs of material going into the boat, or to the complete charge made by the builder for the boat, including labor and materials.

It is my opinion that the boat in question would be taxable upon completion of the boat if it is not to be delivered outside the State under section 10, subsection XXI, and the owner is a resident of Maine.

The undated copy of agreement does not give the residence of the owner or of the residence of the builder.

If the completed boat is taxed under our statute the credit for the sales tax paid by the builder for the materials should be credited to the tax on the completed boat upon delivery.

I return the attached material.

RWF:epi
encl.

STATE OF MAINE

Inter-Departmental Memorandum

Date April 17, 1962

To Ralph W. Farris, Assistant Attorney General

Dept. Bureau of Taxation

From Ernest H. Johnson, State Tax Assessor

Dept. Bureau of Taxation

Subject Interpretation of construction contract for boat

Please refer to the attached inquiry from Dr. Samuel L. Balknap together with the undated copy of agreement by Stanley B. Cunningham to construct a 28 foot lobster boat.

Will you please review this material and advise whether under the contract in question sales or use tax would apply only to the cost of materials going into the boat, or to the complete charge made by the builder for the boat, including labor and materials.

RHJ:J