

MAINE STATE LEGISLATURE

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121st MAINE LEGISLATURE

SECOND REGULAR SESSION-2004

Legislative Document

No. 1714

S.P. 646

In Senate, December 17, 2003

**An Act To Streamline the Sales Tax Credit for Worthless Accounts
To Eliminate Unnecessary Burdens on Certain Maine Businesses
and Consumers**

Approved for introduction by a majority of the Legislative Council pursuant to Joint Rule 203.

Received by the Secretary of the Senate on December 16, 2003. Referred to the Committee on Taxation pursuant to Joint Rule 308.2 and ordered printed pursuant to Joint Rule 401.

A handwritten signature in cursive script that reads "Joy J. O'Brien".

JOY J. O'BRIEN
Secretary of the Senate

Presented by Senator DAMON of Hancock.
Cosponsored by Representative SIMPSON of Auburn and
Senators: BRYANT of Oxford, HATCH of Somerset, MAYO of Sagadahoc, TURNER of
Cumberland, Representatives: COLLINS of Wells, McLAUGHLIN of Cape Elizabeth,
MILLETT of Waterford, ROSEN of Bucksport.

2 **Be it enacted by the People of the State of Maine as follows:**

4 **Sec. 1. 36 MRSA §1811-A**, as amended by PL 1981, c. 706, §22,
is repealed and the following enacted in its place:

6 **§1811-A. Credit for worthless accounts**

8 **1. General.** The tax paid on a sale represented by an
10 account charged off as worthless may be credited against the tax
due on a subsequent report filed within 3 years of the
12 charge-off, but, if the account is thereafter collected by the
retailer, a tax must be paid upon the amount so collected.

14 **2. Automobile retailer and related finance company.** An
16 automobile retailer is eligible for the credit provided in
subsection 1 if the account was assigned by the retailer to a
18 related finance company and was charged off as worthless by the
related finance company. For purposes of this subsection, a
20 "related finance company" is an entity that provides financing
primarily to customers of a single automobile retailer.

22 **Sec. 2. Retroactivity.** This Act applies retroactively to all
24 unpaid tax assessments issued on or after October 1, 2002 to
which an appeal has been or can be taken. This Act may not form
26 the basis for any tax refund claims.

28 **SUMMARY**

30 This bill allows an automobile retailer to claim the
32 worthless account sales tax credit when the account is charged
off by a company that provides financing primarily to customers
34 of that automobile retailer. This bill allows an automobile
retailer who has not paid an assessment issued on or after
36 October 1, 2002 for sales tax due on a worthless account to
obtain a credit for the sales tax paid on that worthless account.