



MAINE TAX ALERT

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Maine Revenue Services Rulemaking Activity

Proposed Amendments to Rule 812, “Educational Opportunity Tax Credit.” MRS is proposing to amend Rule 812 (“Credit for Educational Opportunity”). The Rule provides guidance for taxpayers who are qualified individuals for purposes of claiming the credit for educational opportunity. Particularly, the Rule provides clarification on what type of degree qualifies as an associate’s degree or bachelor’s degree in science, technology, engineering or mathematics. In addition, the Rule provides for the application of a proration factor when a bachelor’s degree and a master’s degree are earned and awarded simultaneously in order to properly determine the allowable credit with respect to the bachelor’s degree. Proposed Rule 812 can be found on the MRS website at www.maine.gov/revenue/rules/homepage.html. Comments are due by May 8, 2015 and should be directed to Dennis M. Doiron, Maine Revenue Services, 24 State House Station, Augusta, Maine 04333, (207) 626-8483, dennis.m.doiron@maine.gov.

Amended Rule 801, “Apportionment.” MRS has amended Rule 801 (“Apportionment”). The rule explains apportionment for corporations, pass-through entities, sole proprietorships and other business types. The rule applies to entities that have income from business activity both within and without Maine. The rule also applies for purposes of determining the apportionable income base when calculating the credit for taxes paid to other jurisdictions on certain income.

For ease of reference, MRS restructured section .06 Sales factor to add a new section A. Formula. The opening paragraphs are reorganized into outline form to clearly separate three distinct exceptions. Due to a statutory change, language was added to exclude from the numerator of the sales factor sales of a person whose only business activity in Maine is the performance of services directly related to a declared state disaster or emergency. MRS also adopted changes which clarify that gross receipts is an amount net of returns and allowances, consistent with longstanding practice. Additional miscellaneous technical changes were also made. A copy of Rule 801 can be found on the MRS website at www.maine.gov/revenue/rules/homepage.html.

Amended Rule 803, “Withholding Tax Reports and Payments.” MRS has amended Rule 803 (“Withholding Tax Reports and Payments”). The rule identifies income subject to Maine withholding and prescribes the methods for determining the amount of Maine income tax to be withheld. It also explains the related reporting requirements. In addition to miscellaneous technical changes, MRS has added definitions for “Payer”, “Payee” and “Person” in order to consolidate references to employers and other persons required to register to report and remit Maine income tax withholding and to consolidate references to payees from whose income

withholding is required. Another change was made to reflect separate filing, payment and processing of Maine income tax withholding and unemployment contributions for tax periods beginning after 2014 and billing notices issued after June 18, 2014. Lastly, the rule was amended due to a recent law change that allows the State Tax Assessor to establish the due date for providing Maine withholding information statements to payees; generally, under the provisions of the rule, each statement is due the same date that the related federal statement is due. A copy of Rule 803 can be found on the MRS website at www.maine.gov/revenue/rules/homepage.html.

Amended Rule 805, “Composite Filing.” MRS has amended Rule 805 (“Composite Filing”). The rule provides information regarding the filing of composite returns of income by partnerships, estates, trusts, and S corporations on behalf of nonresident partners, beneficiaries, or shareholders. MRS has updated a reference to the statute as a result of a recent law change and made miscellaneous technical changes. A copy of Rule 805 can be found on the MRS website at www.maine.gov/revenue/rules/homepage.html.

| <u>Department</u> | <u>Telephone Numbers</u> | <u>FAX Numbers</u> | <u>E-mail Addresses</u> |
|----------------------------------|--------------------------|--------------------|--|
| Taxpayer Service Center | (207) 626-8475 | (207) 287-5855 | |
| Central Registration | (207) 624-5644 | (207) 287-6975 | taxregistration@maine.gov |
| Collections & Compliance | (207) 624-9595 | (207) 287-6627 | compliance.tax@maine.gov |
| Corporate Tax | (207) 624-9670 | (207) 624-9694 | corporate.tax@maine.gov |
| E-file Help Desk (1040 ONLY) | (207) 624-9730 | (207) 287-6628 | efile.helpdesk@maine.gov |
| Electronic Funds Transfer | (207) 624-5625 | (207) 287-3618 | efunds.transfer@maine.gov |
| Estate & Fiduciary Tax | (207) 626-8480 | (207) 624-9694 | estatetax@maine.gov |
| Fuel Tax | (207) 624-9609 | (207) 287-6628 | fuel.tax@maine.gov |
| Forms Request Line | (207) 624-7894 | | |
| Individual Income Tax Assistance | (207) 626-8475 | (207) 624-9694 | income.tax@maine.gov |
| Insurance Premium Tax | (207) 624-9753 | (207) 624-9694 | |
| NexTalk (TTY Service) | (888) 577-6690 | | |
| Payment Plan/Income Tax | (207) 621-4300 | (207) 621-4328 | compliance.tax@maine.gov |
| Payment Plan/Other | (207) 624-9595 | (207) 287-6627 | compliance.tax@maine.gov |
| Practitioners' Hotline | (207) 626-8458 | (207) 624-9694 | |
| Property Tax | (207) 624-5600 | (207) 287-6396 | prop.tax@maine.gov |
| Public Communications | (207) 626-8478 | (207) 624-9694 | |
| Sales Tax | (207) 624-9693 | (207) 287-6628 | sales.tax@maine.gov |
| Tax Clearance Letters | (207) 624-9628 | (207) 287-6627 | |
| Office of Tax Policy | (207) 624-9789 | (207) 287-3618 | |
| Taxpayer Advocate | (207) 624-9649 | (207) 287-3618 | taxpayer.advocate@maine.gov |
| Withholding Tax | (207) 626-8475 | (207) 624-9694 | withholding.tax@maine.gov |
| Tax Violations Hot Line | (207) 624-9600 | | |

This publication is designed to keep taxpayers, tax practitioners and the general public informed of developments, problems, questions and matters of general interest concerning Maine tax law, policy and procedure. The articles in this newsletter are not designed to address complex issues in detail, and they are not a substitute for Maine tax laws and/or regulations.

Suggestions for the Tax Alert?

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