



MAINE TAX ALERT

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Maine Revenue Services Rulemaking Activity

Revised Rule 102, "Electronic Funds Transfer." Maine Revenue Services recently completed revisions to Rule 102, "Electronic Funds Transfer." The revised rule may be viewed on the MRS web site at www.maine.gov/revenue/rules/. This rule, which has been in place since 1998 and was last amended in 2008, describes the requirements for tax and other payments by electronic funds transfer. The amendments clarify and update the rule. The amended Rule brings definitions up-to-date, clarifies the applicable lookback period for mandatory participation, streamlines language related to voluntary participation, and restates sections on the ACH debit method, other payment methods, prenotification transactions and reasonable cause.

Revised Rule 104, "Electronic Filing of Maine Tax Returns." Maine Revenue Services recently completed revisions to Rule 104, "Electronic Filing of Maine Tax Returns." The revised rule may be viewed on the MRS web site at www.maine.gov/revenue/rules/. This rule, which has been in place since 2008, describes the requirements for mandatory electronic filing of certain Maine tax returns. Specifically, the amended Rule modifies the filing requirements for sales, use and service provider tax return filers beginning in 2009. The Rule also modifies the filing requirements for returns filed for withholding, competitive skills scholarship fund and unemployment compensation insurance beginning in 2009.

2008 Downloadable Tax Forms

Most downloadable income tax forms for tax year 2008 have been posted to the Maine Revenue Services web site at: www.maine.gov/revenue/forms. All downloadable forms posted on the MRS web site are suitable for printing and filing with the bureau. To order printed forms, visit the MRS web site at: www.maine.gov/revenue/forms/orderhome.html.

Significant changes to the 2008 individual income tax forms include:

- A new line to report sales tax on casual rentals of living quarters. Individuals with an expected sales tax liability during the income tax year of less than \$2,000 due to casual rental of living quarters may report the liability on, and make payment with, that individual's Maine income tax return (Form 1040ME, line 31a, or Form 1040S-ME, line 27a);
- Use Tax. The optional percentage rate for reporting use tax liability on individual income tax returns is increased from .04% to .08% of Maine adjusted gross income (Form 1040ME, line

31, or Form 1040S-ME, line 27);

- An addition modification required equal to the net increase in 50% bonus depreciation claimed for federal tax purposes under section 103 of the Economic Stimulus Act of 2008 (Form 1040ME, Schedule 1, line 1e);
- Airport Authority Bond Interest. Maine adjusted gross income may be reduced by the amount of interest received from bonds issued by a Maine Airport Authority to the extent included in federal adjusted gross income (Form 1040ME, Schedule 1, line 2e);
- An addition modification for payments and tax benefits from states or municipalities to firefighters and emergency medical responders to the extent the payments are excluded from federal adjusted gross income (Form 1040ME, Schedule 1, line 1g);
- A subtraction modification for qualified contributions to 529 Plans on Form 1040ME, Schedule 1, line 2h.
- A reduction in the salaries and wage deduction directly related to claiming the federal Work Opportunity Credit or Empowerment Zone Credit on Form 1040ME, Schedule 1, line 2k;
- A subtraction modification for military retirement benefits not included in the pension income deduction (36 M.R.S.A. § 5122(2)(M)) and received by certain licensed dentists who practice an average of 20 hours or more per week in Maine and accept patients who receive MaineCare benefits (Form 1040ME, Schedule 1, line 2k);
- Itemized Deductions – Mortgage Insurance Premiums. Maine itemized deductions must be reduced by the amount of mortgage insurance premiums claimed for federal tax purposes (Form 1040ME, Schedule 2, line 5a);
- Credit for Educational Opportunity. A nonrefundable credit is available for certain educational loan payments for Maine resident individuals who earn an associate or bachelor's degree from a Maine college or university and who subsequently live in Maine, work for an employer located in Maine and pay taxes in Maine. The credit is available to eligible graduates and employers making loan payments on behalf of qualifying employees. Maine universities and colleges certify qualifying loans and applicable caps.
- Refundable Credit for Rehabilitation of Historic Properties. For qualified expenditures incurred after 2007, the credit is equal to either **1)** 25% of qualified expenditures with respect to certified historic structures located in Maine for which a federal credit is claimed under the Code, Section 47; or, **2)** 25% of qualified expenditures between \$50,000 and \$250,000 with respect to certified historic structures located in Maine for which a federal credit is not claimed.

For more information on these and other changes, see Important Changes on page 3 of the individual long form booklet, specific line instructions, the credit worksheets and the 2008 summary of legislative changes at www.maine.gov/revenue/rules/legischange08.htm.

<u>Department</u>	<u>Telephone Numbers</u>	<u>FAX Numbers</u>	<u>E-mail Addresses</u>
Taxpayer Service Center	(207) 287-2076	(207) 287-5855	
Appellate	(207) 624-9854	(207) 287-3294	
Central Registration	(207) 621-5129	(207) 287-3733	division.uctax@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
Economic Research	(207) 624-9789	(207) 287-3618	
E-file Help Desk (1040 ONLY)	(207) 624-9730	(207) 624-9740	efile.helpdesk@maine.gov
Electronic Funds Transfer	(207) 287-8276	(207) 287-6975	efunds.transfer@maine.gov
Estate 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	(207) 622-3517	
Income Tax Assistance	(207) 626-8475	(207) 624-9694	income.tax@maine.gov
Insurance Premium Tax	(207) 624-9753	(207) 624-7729	
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) 287-2013	(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	
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.

STATE OF MAINE

John Elias Baldacci, Governor

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Suggestions for the Tax Alert?

Please contact: Public Communications (207) 626-8478

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