



MAINE TAX ALERT

A Publication of Maine Revenue Services for Tax Professionals

Volume 20, No. 7

July, 2010

Public Communications Tel: (207) 626-8478

Maine Revenue Services Rulemaking Activity

Amendments to Rule 801, “Apportionment of Income.” This rule, last amended in 2009, explains the basis for the apportionment of net income of corporations, pass-through entities, sole proprietorships and other business types as required by law. MRS proposes to amend Rule 801 as follows. The discussion of “water’s edge” reporting is expanded. The recent legislative changes, including the so-called “Finnigan rule,” the repeal of the throw-back rule and the adoption of the throw-out rule, are reflected. New definitions of “taxpayer” and “unitary business” are included in the proposed Rule and outdated portions of the Rule are deleted. Additional edits are made throughout. The application date and the summary at the beginning of the Rule have been updated.

Proposed amended Rule 801 can be found on the MRS web site at www.maine.gov/revenue (select Laws & Rules). Comments are due by August 23, 2010, and should be directed to Edward Charbonneau, Esq., Deputy Executive Director – Legal, (207) 624-9626, Edward.Charbonneau@maine.gov.

Amendments to Rule 803, “Withholding Tax Reports and Payments.” This rule, which has been in place since 1982 and was repealed and replaced in 2010, establishes a system of filing withholding tax reports and making payments. MRS proposes to amend Rule 803. New language is added, including electronic filing language, to follow federal requirements for furnishing information statements. Employers and payers filing more than 250 Forms W-2 or 1099 must report the same information to MRS. Clarifications are made to withholding requirements for compensation paid to nonresidents performing services in this state. Editorial changes are made throughout the Rule.

Proposed amended Rule 803 can be found on the MRS web site at www.maine.gov/revenue (select Laws & Rules). Comments are due by August 23, 2010, and should be directed to Edward Charbonneau, Esq., Deputy Executive Director – Legal, (207) 624-9626, Edward.Charbonneau@maine.gov.

Amendments to Rule 810, “Maine Unitary Business Taxable Income, Combined Reports and Tax Returns.” This rule last amended in 2008 explains standards for determining Maine income tax for unitary businesses and combined reporting and tax returns. MRS proposes to amend Rule 810 to do the following. The combined reporting section is expanded to provide guidance on “water’s edge” filing. The section on Maine net income is deleted. The recent legislative changes (including the so-called “Finnigan rule”) are reflected. The rule clarifies that members of unitary group filing a combined return are jointly and severally liable for the tax of

the members of the combined group. Section .06 was rewritten to better reflect the statute. Definitions are updated. Editorial changes are made throughout the Rule.

Proposed amended Rule 810 can be found on the MRS web site at www.maine.gov/revenue (select Laws & Rules). Comments are due by August 23, 2010, and should be directed to Edward Charbonneau, Esq., Deputy Executive Director – Legal, (207) 624-9626, Edward.Charbonneau@maine.gov.

REPORTING SALES TAX FOR CASUAL RENTALS

Effective July 1, 2005 casual rentals became subject to the 7% sales tax. “Casual rental” is defined as rental of one unit, whether a cottage, trailer camp, condominium, vacation home, camp, etc. for transient or temporary guests. If the rentals are for fewer than 15 days each calendar year, then no sales tax registration is required and sales tax does not need to be charged or remitted. Casual rentals for 15 days or more per calendar year are subject to sales tax and would require registration, collection and remittance of the tax.

Beginning calendar year 2008, individuals are allowed to pay the sales tax from casual rentals on the Maine Individual Income Tax return, in lieu of filing sales tax returns, if the total sales tax does not exceed \$2,000.00 and the individual’s only sales tax collection responsibility is from casual rentals.

The option to report on the income tax return is only available to individuals. If the property is owned by a corporation, LLC, partnership, or an organization, the sales tax cannot be reported on the individual income tax return, but must be reported on a sales tax return.

A valid sales tax registration is still required even if an individual reports and pays the sales tax on the income tax return. Applications are available on our website or by calling 207-624-9693.

If an individual chooses to pay the sales tax on the individual income tax return, the individual’s sales tax account will be marked to prevent the mailing of future sales tax returns. If the individual decides to no longer pay the sales tax on the individual income tax return, it is the individual’s responsibility to notify Maine Revenue Services of this change.

For more information on rentals of living quarters, please refer to Bulletin 32 at www.maine.gov/revenue/salesuse/salestax/bulletinssales.htm or call 207-624-9693.

<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) 287-3618	
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) 287-6628	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		
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

Ellen Jane Schneider, Acting Commissioner
Administrative and Financial Services

Jerome D. Gerard, Acting Executive
Director, Maine Revenue Services

Suggestions for the Tax Alert?

Please contact: Public Communications (207) 626-8478
Maine Revenue Services
24 State House Station
Augusta, Maine 04333-0024