



MAINE TAX ALERT

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Overview of the 2011 Filing Season

As another 2010 1040 tax season is nearing closure, the Revenue Processing Center has completed processing all 1040 forms by May 6th that were received before April 21st. This was accomplished while bringing online a new imaging and data capture system, which provides enhanced imaging and automated data recognition technologies with same day deposit of funds.

MRS has seen improved processing overall, which is directly related to the increased adoption rate of electronically filed individual income tax returns and the new imaging system. The following are the more significant improvements:

- Unlike previous tax years, amended returns and other tax returns were processed during the height of the 1040 tax season.
- Although there was an increase of more than 30% in the number of 1040 payment vouchers received and processed in April this year, all were processed quickly and are current to date.
- This was the first year that MRS did not operate a second shift to support the tax season. In comparison, ten years ago a total of more than 16,000 hours were worked in the second shift.

In addition, the follow reflects the increased activity in electronic filing and payments.

- With over 89% of this year's returns now filed and processed, 74% were electronically filed. Last year at this time, 65% had been filed electronically.
- The number of refunds directly deposited to taxpayers' checking and savings accounts is also trending to new highs. 67% of all taxpayers to date have requested an electronic refund.
- Taxpayers who electronically file their returns are also seeing a faster turnaround on their refund checks averaging just 4 days.
- MRS now provides electronic filing, payment and refund services for ALL the major taxes it administers. 75% of the revenue MRS processes is received through electronic payments. These services have helped MRS to gain outstanding efficiencies.

Maine Revenue Services Tax Law Changes Supplemental Budget

On February 8, 2011, the Maine Legislature enacted and the Governor signed the Supplemental Budget for the fiscal year ending June 30, 2011. For a copy of the law, see PL 2011, c. 1 (LD 100) at www.mainelegislature.org/legis/bills/bills_125th/chapters/PUBLIC1.asp.

The legislation contains a number of procedural and administrative changes affecting tax returns and refunds. The changes are effective July 1, 2011. Maine Revenue Services is now in the process of updating its systems, notices and instructions to reflect the following changes.

Non-filer tax assessments - more time to provide information (see Part BB, § 1 of the law).

A person who has failed to file a required tax return with Maine Revenue Services now has 60 days after notification to provide tax information necessary for the proper calculation of the Maine tax liability. An additional 60 days to provide the information is available upon written request prior to the expiration of the original 60-day period. Under prior Maine law, taxpayers had 30 days to provide the requested information, with an additional 90 days upon written request.

Setoff of Maine tax refunds against other state agency debt – additional time to request a hearing (see Part BB, § 2). Maine law allows a taxpayer's Maine income tax refund to be setoff against the taxpayer's debt owed to another state agency. Under prior law, a taxpayer had 30 days after receipt of notice of the setoff to request a hearing. The new law allows taxpayers 60 days after receipt of notice to request a hearing.

Additional time to file amended returns (see Part CC). In cases where the taxpayer's Maine tax liability is affected, the new law increases the time period required for filing an amended Maine income tax return, service provider tax return or estate tax return from 90 days to 180 days. An amended Maine *income tax* return must be filed within 180 days of the date of a final determination of a change or correction or the filing of a federal amended return. The term *final determination*, as it relates to the filing of an amended Maine income tax return, means the date on which the earliest of the following events occurs with respect to a federal taxable year:

- the taxpayer has made payment of an additional income tax liability resulting from a federal audit, the taxpayer has not filed a petition for redetermination or claim for refund for the portions of the audit for which the payment was made and the time for filing a petition for redetermination or refund claim has expired;
- the taxpayer receives a refund from the U.S. Treasury that resulted from a federal audit;
- the taxpayer signs an Internal Revenue Service (IRS) form consenting to a deficiency or accepting an over assessment;
- the taxpayer's time for filing a petition for redetermination with the U.S. Tax Court expires;
- the taxpayer and the IRS enter into a closing agreement; and
- a decision from the U.S. Tax Court, a district court, a federal court of appeals, U.S. Court of Federal Claims or the U.S. Supreme Court becomes final.

Additional time for requesting a credit or refund (see Part DD). Under prior Maine law, for most Maine taxes, a taxpayer generally had 3 years from the time a return was filed or 2 years

from the time the tax was paid, whichever period expired later, to request a credit or refund of overpaid taxes. The new law allows 3 years from the time the return was filed or *3 years* from the time the tax was paid to request a credit or refund of overpaid taxes.

Interest on tax refunds (see Part EE). Under prior Maine law, with respect to requests for income and estate tax refunds made on or after the original due date of a return, Maine Revenue Services did not have to pay interest on those refunds if the refund was issued within 90 days of the original return due date or date of refund request or amended return, whichever occurred later. Under the new law, MRS must pay interest if the refund is not issued within *60 days* of the original return due date or date of refund request or amended return. If interest applies, it is calculated from the original return due date or date of refund request or amended return, whichever occurs later.

<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 & 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		
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.

Suggestions for the Tax Alert?

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