



MAINE TAX ALERT

A Publication of Maine Revenue Services for Tax Professionals

Volume 10, No. 1

January/February 2000

Public Communications Tel: (207) 287-6838

Problem Solving Day

Maine Revenue Services (MRS) and the Internal Revenue Service (IRS) will be holding a Problem Solving Day on Thursday, March 23, 2000 at the IRS office at 324 Harlow Street, Bangor, Maine from 12:00 pm to 6:00 pm. The day is designed to assist taxpayers that have any type of problem with either agency. Advance appointments are preferred but walk-ins will be welcome. To make an appointment with the IRS contact Sue Horsford at 207-622-8402. To make an appointment with MRS contact Bruce Livingston at 207-287-4562.

Internet Purchases Still Subject to Sales and Use Tax

Businesses purchasing taxable goods via the Internet should be aware that Maine sales and use taxes still apply to these transactions. This is not a new tax policy, but is covered under existing Maine laws that include all remote sales transactions like mail order, TV shopping channels, phone shopping, etc.

Anyone who purchases taxable goods or services for use in Maine and does not pay Maine sales tax must pay the use tax. When a purchase is made and Maine sales or use tax is not paid to the retailer, the use tax must be paid by the purchaser directly to MRS. The use tax, like the sales tax, applies to any purchase of taxable goods or services for use in this state, except purchases made for the purpose of resale.

Use tax applies to the purchase of assets. It also applies to the purchase of goods such as office supplies, paper, stationery items, packaged software, and books that are used by the business. Taxable goods and services that are used in carrying on a business are being consumed by the business, and the tax must be reported and paid on them.

MRS Proposes Amendment to Rule 808

Rule 808 describes the circumstances under which an out-of-state corporation is subject to the income tax jurisdiction of Maine under Title 36 M.R.S.A., Section 5200. The rule currently states that the activities of an independent contractor will not be imputed to the foreign corporation. This statement is inconsistent with general rule stated in section .02 of the rule: "The State Tax Assessor construes Maine law to assert the tax jurisdiction of Maine to the full extent permitted by the Constitution and laws of the United States." The proposed change would provide that the activities in Maine of an independent contractor on behalf of a foreign corporation will be imputed to the corporation if they are significantly associated with that corporation's ability to establish and maintain a market in Maine, to the extent

allowed by the Constitution and laws of the United States. Various other minor amendments and updates to the rule are being proposed as well. Comments should be directed to David Bauer, General Counsel, 24 State House Station, Augusta, Maine 04333 (tel. no. 207-624-9681). The deadline is April 17, 2000.

New Phone Number

Effective March 20, 2000 the Compliance Division will have a new telephone number. The new number 624-9595 replaces the old number 287-3301. In the meantime, if 287-3301 is dialed on or after March 20 the call will be automatically routed to 624-9595. This feature will be in place for six months. After that the caller will be informed of the new number that they are to dial.

FILING OPTIONS FOR EMPLOYERS

During 2000, employers will have five options for filing their withholding or combined withholding tax/unemployment contributions forms. The five options are:

1. Official Maine Revenue Services forms: These are forms contained in the withholding or combined withholding tax/unemployment contributions instruction booklets and available as loose forms. The booklets will be mailed to all registered employers in March. The forms will be preprinted with your business name, withholding account number, UC account number and other specific employer information.
2. "Computer-Friendly" forms provided by Maine Revenue Services: These are forms especially designed for computer printers. Horizontal spacing is 12 characters per inch; vertical spacing is 6 lines per inch. The forms are available either as loose "cut-sheet" forms or as continuous "trac-feed" forms. Guidelines for completing these forms will be mailed with every order. If you plan to file your withholding tax and unemployment contributions forms using any of the "computer-friendly" forms listed above, complete this order form on the next page and submit it to Goodwill Industries of Maine, Inc., 347 Leighton Road, Augusta, ME 04330.
3. Substitute forms designed by software developers: These are forms designed by software developers as part of a payroll software package. The forms and related tax data are usually printed as a unit on the same sheet of paper. Software developers are required to submit substitute forms to Maine Revenue Services for approval before including them in a software package. A list of approved vendors and forms will be published on Maine Revenue Services' web site. Unapproved forms cannot be processed by Maine Revenue Services' scanning system.
4. Filing on magnetic media: The withholding tax and unemployment contributions data and employee wage detail may be filed on magnetic media (tape or diskette). You may elect to file tax data on approved paper forms and the employee wage detail on magnetic media. All data must be submitted in a format described in the "Use of Magnetic Media for Income Tax Withholding, UI Contributions & Wage Reporting" booklet, unless you used a different format in 1997. You may obtain magnetic media filing specifications from the internet at <http://janus.state.me.us/revenue> or by calling 207-624-7894.
5. Filing over the Internet: The Combined Quarterly Report for Withholding and Unemployment Contributions (CQR) can be filed over the Internet. Visit our web site at <http://janus.state.me.us/revenue> for more information.

If you have any questions regarding the filing options, please call 207-626-8475. If you have any questions regarding your order, please call 207-624-7862.

MAINE REVENUE SERVICES
 24 STATE HOUSE STATION
 AUGUSTA, ME 04333-0024

**2000 WITHHOLDING TAX AND UNEMPLOYMENT
 CONTRIBUTIONS FORMS
 ORDER FORM**

FORM 2333C-ME

Name _____
 Address _____ City, State _____ Zip _____
 Contact Person _____ Telephone Number () _____

Use this form to request your Withholding tax and Unemployment contributions forms. To minimize printing costs, please limit your order to the number of forms you expect to use. **Please submit your order to Goodwill Industries of Maine, Inc., 347 Leighton Road, Augusta, ME 04330.**

Abbreviations: WH = Withholding UC = Unemployment Contributions

<u>ITEM</u>	<u>FORM NUMBER</u>	<u>DESCRIPTION</u>	<u>QUANTITY</u>
1	941ME	Withholding Only Quarterly Return	
2	941/C1-ME	Combined WH and UC Quarterly Return	
3	941/C1-ME (Wage Listing)	UC Wage Listing - Part 4 of Quarterly Return	
4	941A-ME	Withholding Amended Return	
5	C1A-ME	UC Amended Return	
6	900ME	Withholding Payment Voucher	
7	W-3ME	Reconciliation of Maine Income Tax Withheld	

Regular Loose Forms (To be completed by hand)

“Computer-Friendly” Loose Forms (Cut-Sheet forms especially designed for your computer printer).

8	941ME - CFL	Withholding Only Quarterly Return	
9	941/C1-ME (page 1) - CFL	Combined WH and UC Quarterly Return - Page 1	
10	941/C1-ME (page 2) - CFL	Combined WH and UC Quarterly Return - Page 2	
11	941/C1-ME (page 3) - CFL	UC Wage Listing Page	

“Computer Friendly” Continuous Forms (Trac-Feed forms especially designed for your computer printer).

12	941ME - CFL	Withholding Only Quarterly Return	
13	941/C1-ME (page 1) - CFL	Combined WH and UC Quarterly Return - Page 1	
14	941/C1-ME (page 2) - CFL	Combined WH and UC Quarterly Return - Page 2	
15	941/C1-ME (page 3) - CFL	UC Wage Listing Page	

MAINE REVENUE SERVICES: <http://janus.state.me.us/revenue>
Order tax forms through the WebPage.....

Suggestions for the Tax Alert?
Please contact: Public Communications

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
Angus S. King, Governor

Janet E. Waldron, Commissioner
Administrative and Financial Services

Anthony J. Neves, Executive Director
Maine Revenue Services

<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	
Central Registration	(207) 287-2338	(207) 287-3733	
Collections & Compliance	(207) 624-9595	(207) 287-6627	tax_compliance@state.me.us
Corporate Tax	(207) 624-9670	(207) 287-6627	corporate_tax@state.me.us
Electronic Funds Transfer	(207) 287-8276	(207) 287-6627	electronic_funds_transfer@state.me.us
Estate Tax	(207) 626-8480	(207) 624-9694	income_estate_tax@state.me.us
Excise Tax	(207) 287-3851	(207) 287-6628	sales_tax@state.me.us
Forms Request Line	(207) 624-7894	(207) 622-3517	
Income Tax Assistance	(207) 626-8475	(207) 624-9694	income_estate_tax@state.me.us
Paym't Plan/Income Tax	(207) 621-4300	(207) 621-4328	
Payment Plan/Other	(207) 624-9595	(207) 287-6627	
Practitioners' Hotline	(207) 626-8458	(207) 624-9694	
Property Tax	(207) 287-2011	(207) 287-6396	property_tax@state.me.us abandoned_property@state.me.us
Public Communications	(207) 287-6838	(207) 287-3618	
Sales Tax	(207) 287-2336	(207) 287-6628	sales_tax@state.me.us
Taxpayer Advocate	(207) 287-4562	(207) 287-3294	
TTY Service	(207) 287-4477	-----	
Withholding Tax	(207) 626-8475	(207) 624-9694	withholding_tax@state.me.us

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24 State House Station
Augusta ME 04333-0024
Return Service Requested