



MAINE TAX ALERT

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ESTATE TAX LAW CHANGE

The recently adjourned first session of the 124th Legislature produced a number of tax law changes for income tax and estate tax, notably in the biennial budget and the tax reform package. The Income/Estate Tax Division of Maine Revenue Services is preparing a summary of the enacted tax law changes, which will be published in the July Tax Alert.

There is, however, one change to the Maine estate tax that deserves immediate attention. For deaths occurring on or after January 1, 2009, taxable gifts made within one year prior to death will be subject to the Maine estate tax and must be included in the decedent's Maine taxable estate. Prior taxable gifts subject to the Maine estate tax are those gifts in excess of the federal gift tax exclusion made within one year prior to death. This change was enacted as part of the budget bill (LD 353, PL 2009, c. 213, Part E). This change will necessitate the addition of a new line to Form 706ME, to identify federally taxable gifts made within one year of the date of death. The new line is tentatively intended to be located as pictured below.

Maine Revenue Services will be developing further guidance regarding this and other estate and income tax changes.

TAX COMPUTATION		<i>Note: If this estate contains Maine elective property, Worksheet 706C (available at www.maine.gov/revenue/forms) must be completed to accurately determine tax liability.</i>	
	1. Modified Maine taxable property (see Instructions).....	1.	_____ .00
	2. Modified federal gross estate (see Instructions).....	2.	_____ .00
	3. Percentage of property taxable by Maine (line 1 divided by line 2, rounded to six decimal places)	3.	_____
STEP 4	4A. Modified federal tentative taxable estate (see Instructions).....	4A.	_____ .00
	4B. Modified federal adjusted taxable gifts (see Instructions).....	4B.	_____ .00
	4C. Add lines 2 and 4B. <i>If sum exceeds \$1,000,000, see Instructions</i> (this line is not used to calculate the Maine Estate tax).....	4C.	_____ .00
	4D. Taxable gifts completed within one year of the date of death (see Instructions).....	4D.	_____ .00
	4E. Elected Qualified Terminable Interest Property (QTIP) Not to exceed \$1,000,000 for 2009 and may not consist of prior taxable gifts	4E.	_____ .00
	4F. Maine elective property (Worksheet 706C, line 3 – see Instructions).....	4F.	_____ .00
	4G. Maine taxable estate (line 4A minus line 4E plus line 4F)	4G.	_____ .00

Excerpt from draft 2009 Form 706ME

<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		
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

Ryan Low, 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

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