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Maine Department of Administrative and Financial Services
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Mills Administration Provides COVID-19 Tax Guidance

Governor Mills promises to protect Maine teleworkers and ensure educational tax credit program amid pandemic

Augusta, MAINE – Today, the Department of Administrative and Financial Services (DAFS) provided guidance for individuals and businesses intended to avoid adverse tax consequences caused by COVID-19. The Department also announced it will introduce legislation in January to help Maine residents avoid burdensome and/or double tax payments as a result of COVID-19.

“Maine people who have been able to work remotely, along with the businesses that have encouraged and supported teleworking efforts, are doing their part to protect us from the spread of this dangerous virus,” **said Governor Mills**. “It is my hope that my Administration’s actions will provide a measure of certainty and relief for now, and I look forward to working with the Legislature in January to ensure Mainers avoid unintended tax burdens caused by COVID-19.”

“Today Governor Mills has removed many unknowns for those who have found themselves up against tax policy that was not developed with a pandemic in mind,” **said Kirsten Figueroa, Commissioner** of the Department of Administrative and Financial Services. “Governor Mills’ actions support those who have helped wage our battle against COVID-19 and provide certainty amid these uncertain times.”

Tax Certainty for Individuals

In the case of a Maine resident who worked from home during COVID-19 but who otherwise works out-of-state for an out-of-state employer:

- The Mills Administration will introduce legislation in January to ensure Maine residents avoid double taxation as a result of COVID-19 related telework by allowing the tax credit for income tax paid to other jurisdictions if another jurisdiction is asserting an income tax obligation for the same income despite the employee no longer physically working in that jurisdiction due to COVID-19.
- In the meantime, Governor Mills has instructed Maine Revenue Services to use its administrative authority to allow these Mainers to maintain the same withholding and estimated tax payment status used prior to the state of emergency.
- Governor Mills has also instructed Maine Revenue Services to use its existing administrative authority to abate penalties, upon request, for any Maine resident taxpayer who owes an estimated income tax payment as a result of suddenly working in Maine as a result of the COVID-19 state of emergency.

In the case of a Maine resident who is making payments on their student loans amid COVID-19 and would like to take advantage of the Educational Opportunity Tax Credit (“Opportunity Maine”):

- Governor Mills has instructed Maine Revenue Services to use its administrative authority to allow taxpayers to claim the Opportunity Maine tax credit for completed student loan payments even if their student loans were subject to deferment or forbearance, including those federal student loans placed into automatic forbearance by the federal CARES Act, as long as all other eligibility criteria are met.
- For Maine people who were employed in Maine prior to, or during, the pandemic and who became unemployed as a result of COVID-19 but who are still making student loan payments, the Mills Administration will introduce legislation in January to allow them the Opportunity Maine tax credit.

Tax Guidance for Businesses

Maine Revenue Services is reassuring out-of-state businesses not otherwise subject to tax in Maine, but whose employees commenced telework from Maine as a result of COVID-19, that the presence of one or more employees teleworking in this state as a result of COVID-19 is not by itself grounds for establishing corporate income tax and/or sales and use tax nexus.

Additionally, Maine Revenue Services is extending the 2019 Maine filing deadlines for corporate income tax returns (Form 1120-ME) and franchise tax returns (Form 1120B-ME) so that they may now be filed by November 16, 2020, with no late filing penalties.

These actions will be done pursuant to the statutory authority for administrative action by the State Tax Assessor (Maine Revised Statutes, Title 36, sections 112, 5200, 5217-A, 5217-D, 5228, 5231, and 5250 and Part 8 generally).

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