

MAINE TAX ALERT

A Publication of Maine Revenue Services for Tax Professionals

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Public Communications Tel: (207) 626-8475

INDIVIDUAL INCOME TAX PROCESSING ERRORS

Maine Revenue Services has become aware of the fact that many Maine individual income tax filers were erroneously assessed a use tax. Due to errors in processing, some taxpayers who correctly entered zero (0) on the use tax line (1040ME, line 31, 1040S-ME, line 26) were assessed a computer-calculated tax anyway. This assessment results in taxpayers receiving a smaller than anticipated refund, or a larger than expected bill. The average computer-assessed use tax is about \$15. The bureau estimates that the number of erroneous returns is less than 1.5% of all returns filed for the 1998 tax year.

Use tax is assessed in lieu of sales tax on certain items purchased out-of-state or through mail order. Use tax on an item purchased in a state with no sales tax is equal to 5.5%. The use tax line has been on the Maine individual income tax returns since 1990. Regardless of whether or not a taxpayer has a use tax liability, an amount reflecting liability must be entered on this line. If no liability exists, zero (0) must be entered in order to avoid an automatically assessed amount. To learn more about use tax, the pertinent law sections are located in Title 36 MRSA, chapter 215.

Maine Revenue Services has identified the filers who were affected by this error and the bureau has corrected their accounts. We apologize for the inconvenience this has caused you and your clients; and we appreciate your efforts to help us resolve this problem.

File Your Sales Tax Via the Internet

Maine Revenue Service announced that retailers across the state can now file their Sales and Use Tax Return over the internet. Hailed as Maine's newest online feature, the Sales and Use Tax return joins the already functional Maine Income Tax Withholding and Unemployment Contributions return.

More than 50,000 Maine retailers now have the option to file through the internet and discover how easy it is to electronically file, eliminate errors and contribute to the reduction of paper. Retailers will find the website easy to understand and user friendly. After filing for the first time, reading the information and registering online, retailers will find that it will take under five minutes to fill in the return, select a payment option and download the information.

MRS encourages retailers to try out the online filing function. At MRS' homepage (<http://janus.state.me.us/revenue>), retailers can easily select "Internet Filing" and begin filing their sales and use tax return as well as their combined withholding and unemployment contributions return online. Eventually, the mailing of paper returns to those who continuously use the internet filing will be eliminated, although the retailer will always have the ability to revert back to paper returns.

Retailers will find additional information inserted in their June sales and use tax return mailing.

Contact Changes

Income/estate tax division has a new fax number which is (207)624-9694. The compliance division now has an e-mail address of "Tax_Compliance@state.me.us".

To Our Readers

Maine Revenue Services has completed another income tax season, the fourth with the Maine Imaging and Processing System (MIPS). We hope to use the knowledge gained during this processing season to improve on the quality of our service for the next tax year.

This issue of the Maine Tax Alert gives you the opportunity to let us know how we are doing. This is the fifth year of the tax alert survey, please take the time to respond to these questions. We read every survey!

Anthony J. Neves
Executive Director

1999 SURVEY OF TAX PROFESSIONALS

1. Please rate the Maine Revenue Service's (MRS's) overall performance during the tax season just concluded.

- Excellent
- Above average
- Average
- Poor

2. Please rate our service as compared to last year.

- Improved greatly
- Improved somewhat
- Remained the same
- Marginally decreased
- Substantially decreased

3. What suggestions do you have for improvement? _____

4. The Maine tax instructions and tax forms of all types are:

- Excellent
- Above Average
- Average
- Poor

5. Do you have any suggestions for improvement? _____

6. The MRS offers payment of business taxes by Electronic Funds Transfer through a voluntary ACH program. Do you recommend that your clients use electronic funds transfer for payment of state taxes?

- Yes
- Might consider recommending
- Unsure
- No

7. Direct deposit of refunds is now available for taxpayers. Are your clients who expect refunds requesting direct deposit for their state tax refunds?

- Always
- Usually
- Occasionally
- Never

8. How do you rate the Maine Tax Alert?

- Very useful
- Useful
- Marginally useful
- Not useful

9. Do you have any suggestions for articles you would like to see in the Tax Alert? _____

10. Are you interested in writing an article for publication in the Tax Alert? _____

Name _____ Telephone number _____

11. Current issues of the Tax Alert are on the MRS's web page a week before you receive them in the mail. How soon will you be able to rely on the Internet for Tax Alert and other MRS information?

- Currently use Internet for tax information and would like to be removed from the tax alert mailing list.
- Plan to use Internet in 6 months
- Plan to use Internet in 12 months
- No plans to use Internet for tax information.

12. Your rating for communications between the MRS and Tax Professionals is:

- Excellent
- Above Average
- Average
- Poor

13. Do you have any suggestions for improvement? _____

14. Which best describes your accounting employment?

- Private Company
- Public Accounting
- Government/Not for Profit
- Education/Teaching
- Other _____

15. If you are in public accounting the size of your practice can best be described as:

- Small (fewer than 300 clients)
- Medium (300-1,000 clients)
- Large (More than 1,000 clients)

Thank you for answering this survey.