



MAINE TAX ALERT

A Publication of Maine Revenue Services for Tax Professionals

Volume 13, No. 2

August 2003

Public Communications Tel: (207) 624-9684

Pass-through Entity Withholding

Beginning with calendar year 2003, recently enacted legislation, Public Law 2003, chapter 20, Part AA, requires pass-through entities to withhold income taxes from Maine-source distributive income for nonresident partners, shareholders or beneficiaries (“owners”). [See 36 MRSA, §5250-B]. Pass-through entities include partnerships, S corporations, limited liability companies and trusts and similar entities.

Any pass-through entity with Maine-source income, at least one member of which is a nonresident of Maine, must register with Maine Revenue Services. A separate pass-through withholding account will need to be established. In July 2003, a registration form will be mailed to all pass-through entities on record with Maine Revenue Services. Once a pass-through entity has registered, they will be sent the 2003 forms. Those entities will also be sent a booklet in March containing all necessary forms for 2004. For those who register with Maine Revenue Services before October 1, 2003, the 2004 booklet will be preprinted with individualized demographic information.

The rate of withholding for this new requirement is: (1) for individual nonresident members, 8.5% of each member’s share of Maine-source member income; (2) for nonresident trusts, estates and other nonresident pass-through entities, 8.5% of Maine-source member income; or (3) for nonresident business entities registered as C corporations, 8.93% of that entity’s Maine-source member income. The withholding amount must be remitted to the state on a quarterly basis, with payments and a withholding return due April 30, July 31, October 31 and January 31 each year. Since 2003 is a transitional year, only one payment and one return for the entire year will be due on January 31, 2004.

For complete information on this new withholding obligation, visit our Web site at www.maine.gov/revenue/ptwith.htm. Maine Revenue Services welcomes inquiries on this withholding requirement and the filing/payment procedures that accompany it. Please send them to Mark E. Landry, Tax Section Manager at P.O. Box 9118, Augusta, ME 04332-9119 or send an e-mail to him at mark.e.landry@maine.gov. For more information, call (207) 626-8475 (select option #4) between 8 a.m. and 5 p.m. Monday through Friday.

Maine Sales and Use Tax Symposiums

Please note the following scheduled Sales and Use Tax Symposiums.

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|--------------------|--|--|
| August 13, 2003 | Keeley the Katerer 178 Warren Avenue Portland, ME | www.keeleythekaterer.com |
| September 23, 2003 | Spectacular Event Center 395 Griffin Road Bangor, ME | www.spectaculareventcenter.com |

Maine Residents Property Tax and Rent Refund Program

The 2003 Maine Resident Property Tax and Rent Refund Program (“T&R”) will begin on August 1, 2003. Total household income limits for the 2003 program are increased to \$29,900 or less for individuals who lived alone or \$46,300 or less for individuals who lived with a spouse or dependent.

Due to the late adjournment of the legislative session, the application booklet, including necessary forms, should be available late July or early August. Booklets will be mailed to individuals who submitted applications for last year’s program, and will be available at municipal offices, area agencies on aging and community action program offices, or by calling the Maine Revenue Services forms line at (207) 624-7894. Certain individuals who filed an application for refund last year are also eligible to file for the program by telephone. The application booklet, on page 6, provides telefile requirements and instructions.

Please remember that the Maine Revenue Services’ T & R application is no longer used to determine eligibility for the Low-Cost Drug Card Program. To apply for the low-cost drug program, individuals should contact the Department of Human Services at 1-866-796-2463 (toll-free).

Business Equipment Tax Reimbursement Program

The application period for the Business Equipment Tax Reimbursement program (BETR) will begin August 1, 2003. BETR application booklets are now being mailed to businesses that have previously applied for reimbursement. Booklets will also be available at most municipal offices. Beginning August 1st, forms and instructions may be downloaded from the Maine Revenue Services Web site at www.maine.gov/revenue. Other businesses wanting to take advantage of the program can order the application by calling the forms line at (207) 624-7894.

The following change was made to the BETR program during the last legislative session:

36 M.R.S.A. § 6652, sub-§ 1. BETR. A successor to a business against whom property taxes have been assessed with respect to eligible property may claim the BETR reimbursement as long as the property tax has been paid (whether by the seller or the successor) in the prior calendar year and the successor is the owner of the property on August 1st of the year the claim may be filed. In such cases, the seller of the property may not claim reimbursement for the property under the BETR program. Effective September 13, 2003. See LD #1470, PL 2003, c. 391, § 12.

Maine *FastFile*



MAINE [E-FILE](#)

A CONVENIENT, QUICK AND ACCURATE WAY TO
FILE MANY INDIVIDUAL INCOME TAX RETURNS

For more information visit our website at:

www.maine.gov/revenue

| <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 | 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 |
| E-file Help Desk | (207) 624-9730 | (207) 624-9740 | efile.helpdesk@maine.gov |
| Economic Research | (207) 287-6965 | (207) 287-3618 | |
| Electronic Funds Transfer | (207) 287-8276 | (207) 287-6627 | efunds.transfer@maine.gov |
| Estate Tax | (207) 626-8480 | (207) 624-9694 | income.tax@maine.gov |
| Fuel Tax | (207) 624-9745 | (207) 287-6628 | fuel.tax@maine.gov |
| Forms Request Line | (207) 624-7894 | (207) 622-3517 | |
| Income Tax Assistance | (207) 626-8475 | (207) 624-9694 | income.tax@maine.gov |
| Insurance Premium Tax | (207) 624-9582 | (207) 624-9694 | |
| 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) 287-2011 | (207) 287-6396 | prop.tax@maine.gov |
| Public Communications | (207) 624-9684 | (207) 624-9694 | |
| Sales Tax | (207) 624-9693 | (207) 287-6628 | sales.tax@maine.gov |
| Taxpayer Advocate | (207) 624-9649 | (207) 287-3618 | taxpayer.advocate@maine.gov |
| TTY Service | (207) 287-4477 | ----- | |
| Withholding Tax | (207) 626-8475 | (207) 624-9694 | withholding.tax@maine.gov |

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

Rebecca M. Wyke, Commissioner
Administrative and Financial Services

Jerome D. Gerard, Acting Executive
Director, Maine Revenue Services

Suggestion for the Tax Alert?

Please contact: Public Communications
624-9684

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