



Maine Revenue Services 2021 Income/Estate Tax Update

Heather Popadak
Director

Daniel D'Alessandro
Associate Tax Policy Counsel

www.maine.gov/revenue



2021 Maine Income/Estate Tax Developments

OVERVIEW

- **Maine Disaster Relief Payment Program**
- **Conformity**
- **Disaster period definition**
- **Information returns**
- **Net operating loss addition/subtraction income modifications**
- **Excess business loss addition modification**
- **Maine capital investment credit**



2021 Maine Income/Estate Tax Developments

OVERVIEW

- **Employer credit for family and medical leave**
- **Business interest deduction addition modification**
- **Excess business loss subtraction modification**
- **Credit for income tax paid to other taxing jurisdictions**
- **Educational opportunity tax credit**
- **Unemployment compensation subtraction modification**



2021 Maine Income/Estate Tax Developments

OVERVIEW

- **Maine disaster relief payment subtraction modification**
- **Maine Seed Capital Tax Credit Program**
- **Loan Guarantee Program deferred interest subtraction modification**
- **Business meals deduction addition modification**
- **Bonus depreciation subtraction modification**
- **Business interest deduction subtraction modification**



2021 Maine Income/Estate Tax Developments

OVERVIEW

- **Earned income tax credit**
- **Credit for biofuel commercial production**
- **Property tax fairness credit**
- **Credit for affordable housing**
- **Renewable chemicals tax credit**
- **Pine Tree Development Zones**
- **Property tax fairness credit**



2021 Maine Income/Estate Tax Developments

OVERVIEW

- **Access to justice income tax credit**
- **Voluntary income tax checkoff for the emergency Food Assistance Program Fund**
- **Nonresident estates and trusts**
- **Charitable contributions addition modification**
- **Charitable contributions subtraction modification**



2021 Maine Income/Estate Tax Developments

OVERVIEW

- **Foreign derived intangible income deduction addition modification**
- **Factor presence / economic / corporate income tax nexus**
- **Partnership audit adjustments**
- **Travel insurance premiums**
- **Retaliatory tax (insurance premiums tax)**



2021 Maine Income/Estate Tax Developments

OVERVIEW

See the full 2021 Summary of Tax Law Changes at
www.maine.gov/revenue/publications/rules
(click on "2021 Tax Law Changes" at top).



2021 Maine Income/Estate Tax Developments

Maine Disaster Relief Payment Program

- **Maine Disaster Relief Payments help Maine citizens offset hardship incurred as a result of the COVID-19 pandemic.**
 - Up to \$300 each for taxpayer and spouse.
 - Exempt from Maine income tax.
 - Not subject to setoff against other debts.



2021 Maine Income/Estate Tax Developments

Maine Disaster Relief Payment Program, continued

- **Eligible taxpayers include those who have:**
 - Filed a Maine individual income tax return as a full-year resident for the 2020 tax year by October 31, 2021.



2021 Maine Income/Estate Tax Developments

Maine Disaster Relief Payment Program, continued

- **Eligible taxpayers include those who have:**
 - Federal adjusted gross income for the 2020 tax year that is less than:
 - \$150,000 if married filing a joint return or a qualifying widow or widower;
 - \$112,500 if filing as head of household; or
 - \$75,000 if single or married filing separately.



2021 Maine Income/Estate Tax Developments

Maine Disaster Relief Payment Program, continued

- **Eligible taxpayers include those who have:**
 - Received wages, salaries, tips, or other taxable *employee* pay during the 2020 tax year.
 - Not been claimed as a dependent on another taxpayer's income tax return for the 2020 tax year.



2021 Maine Income/Estate Tax Developments

Maine Disaster Relief Payment Program, continued

- **Paper checks to be mailed to eligible taxpayers by December 31, 2021/June 30, 2022.**
- **For more information, see the MRS Disaster Relief Payment FAQs at:**
 - www.maine.gov/revenue/faq/disaster-relief-payment



2021 Maine Income/Estate Tax Developments

Maine Disaster Relief Payment Program, continued

- **Maine COVID disaster relief payments are not subject to Maine income tax.**
 - To the extent the payment is included in federal adjusted gross income.
 - Form 1040ME, Schedule 1S, line 28.
- **Applies to tax years beginning in 2021 and 2022.**

L.D. 221; P.L. 2021, c. 398, Pt. HHHH.



2021 Maine Income/Estate Tax Developments

Conformity

- **Conformity with the Internal Revenue Code is extended to the United States Internal Revenue Code of 1986 as amended through April 30, 2021.**
- **Applies to tax years beginning on or after January 1, 2021 and to any prior years as specifically provided by the Code.**



2021 Maine Income/Estate Tax Developments

Conformity, continued

- **Amendments made to the IRC by Section 9042 (unemployment compensation) of the federal American Rescue Plan Act of 2021, Public Law 117-2 do not apply to any tax year beginning after December 31, 2019 and before January 1, 2021.**
 - The Maine unemployment compensation exclusion for tax year 2020 will be discussed later.



2021 Maine Income/Estate Tax Developments

Conformity, continued

- **Conformity with the Code applies unless otherwise stated in Maine law.**
 - Income Modifications (36 M.R.S. §§ 5122 and 5200-A)
 - Itemized Deduction (36 M.R.S. § 5125)
 - Personal Exemption Deduction (36 M.R.S. 5126-A)
 - Bonus Depreciation / Maine Capital Investment Credit (36 M.R.S. §§ 5122, 5200-A, and 5219-NN)

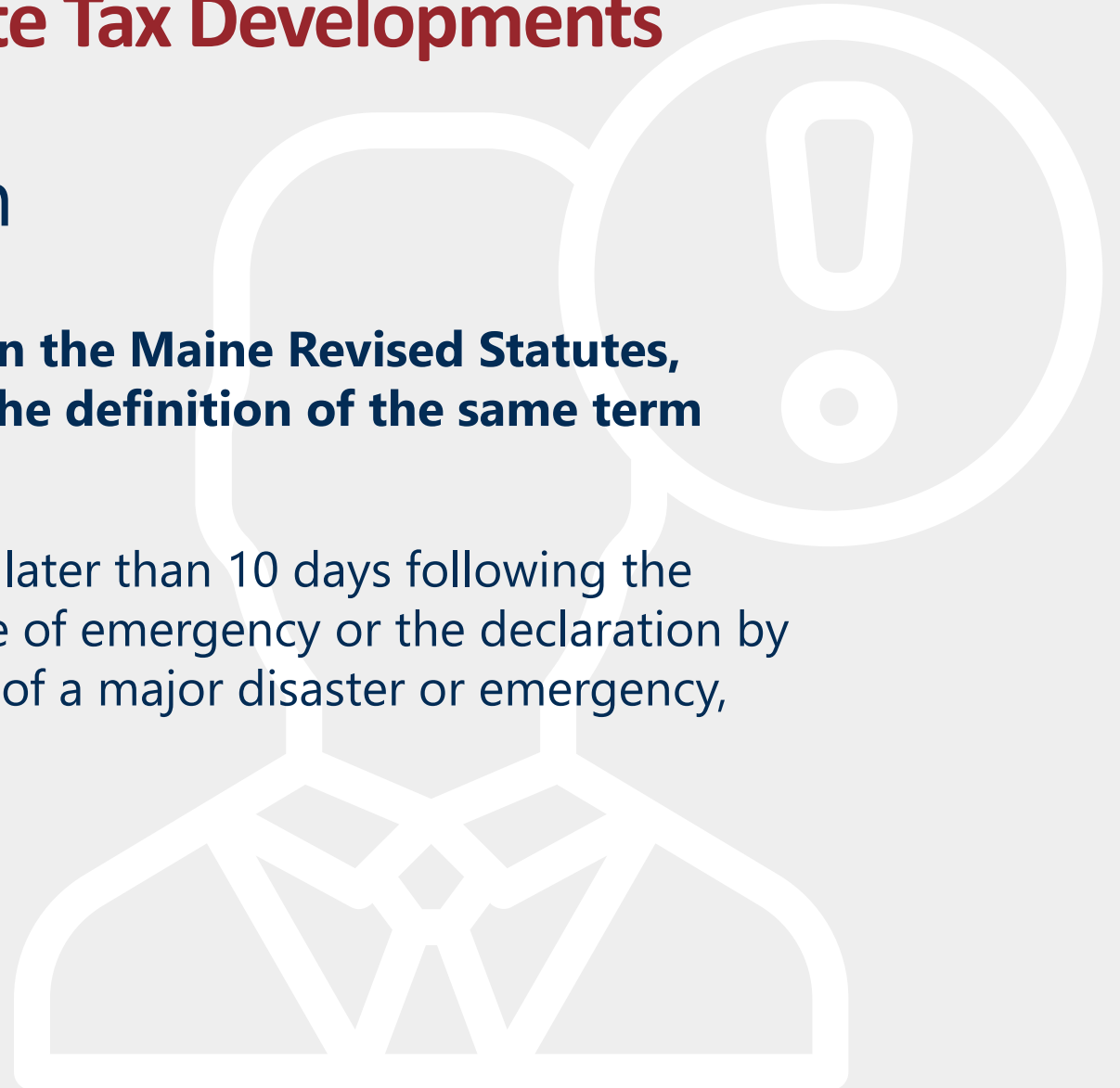
36 M.R.S. § 111(1-A); L.D. 220, P.L. 2021, c. 1, Pt. B; L.D. 221, P.L. 2021, C. 398, Pt. H, §§ 1 and 9



2021 Maine Income/Estate Tax Developments

Disaster period definition

- **The definition of disaster period in the Maine Revised Statutes, Title 36 is changed to align with the definition of the same term included in Title 10, § 9902.**
 - The period of time that begins no later than 10 days following the Governor's proclamation of a state of emergency or the declaration by the President of the United States of a major disaster or emergency, whichever occurs first, and...





2021 Maine Income/Estate Tax Developments

Disaster period definition, continued

- Extends for a period of 60 calendar days following the end of the declared disaster or emergency as proclaimed by the Governor pursuant to Title 37-B, section 743 or the President of the United States or pursuant to law, whichever occurs first.
- **Effective October 18, 2021.**

36 M.R.S. §§ 1760(45)(A-4) and 5102(6-C); L.D. 1216; P.L. 2021, c. 181, Pt. D, §§ 1 and 2.



2021 Maine Income/Estate Tax Developments

Information returns

- **Failure to file certain accurate information returns may result in a penalty of \$50 for each such failure.**
- **Includes Forms W-2, Forms 1099, and other similar forms containing tax information necessary for filing Maine income tax returns.**
- **Beginning January 31, 2022.**

36 M.R.S. § 5242; L.D. 1216; P.L. 2021, c. 181, Pt. A, § 14



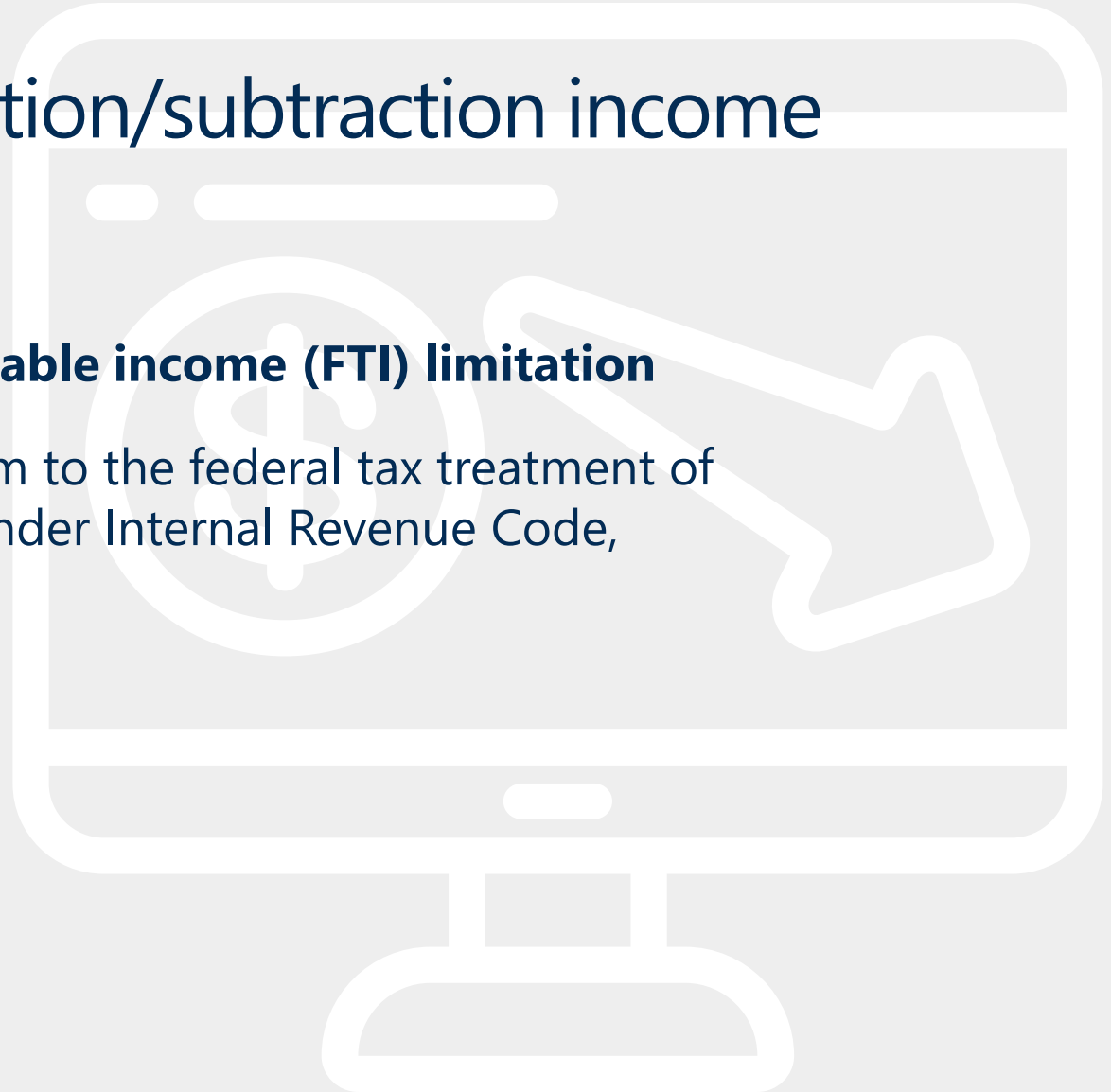
Changes applicable to tax years beginning in 2018 *(retroactively)*



2021 Maine Income/Estate Tax Developments

Net operating loss addition/subtraction income modifications

- **With respect to 80% federal taxable income (FTI) limitation**
 - Maine law is changed to conform to the federal tax treatment of NOL carryforward deductions under Internal Revenue Code, Section 172(a)(2).

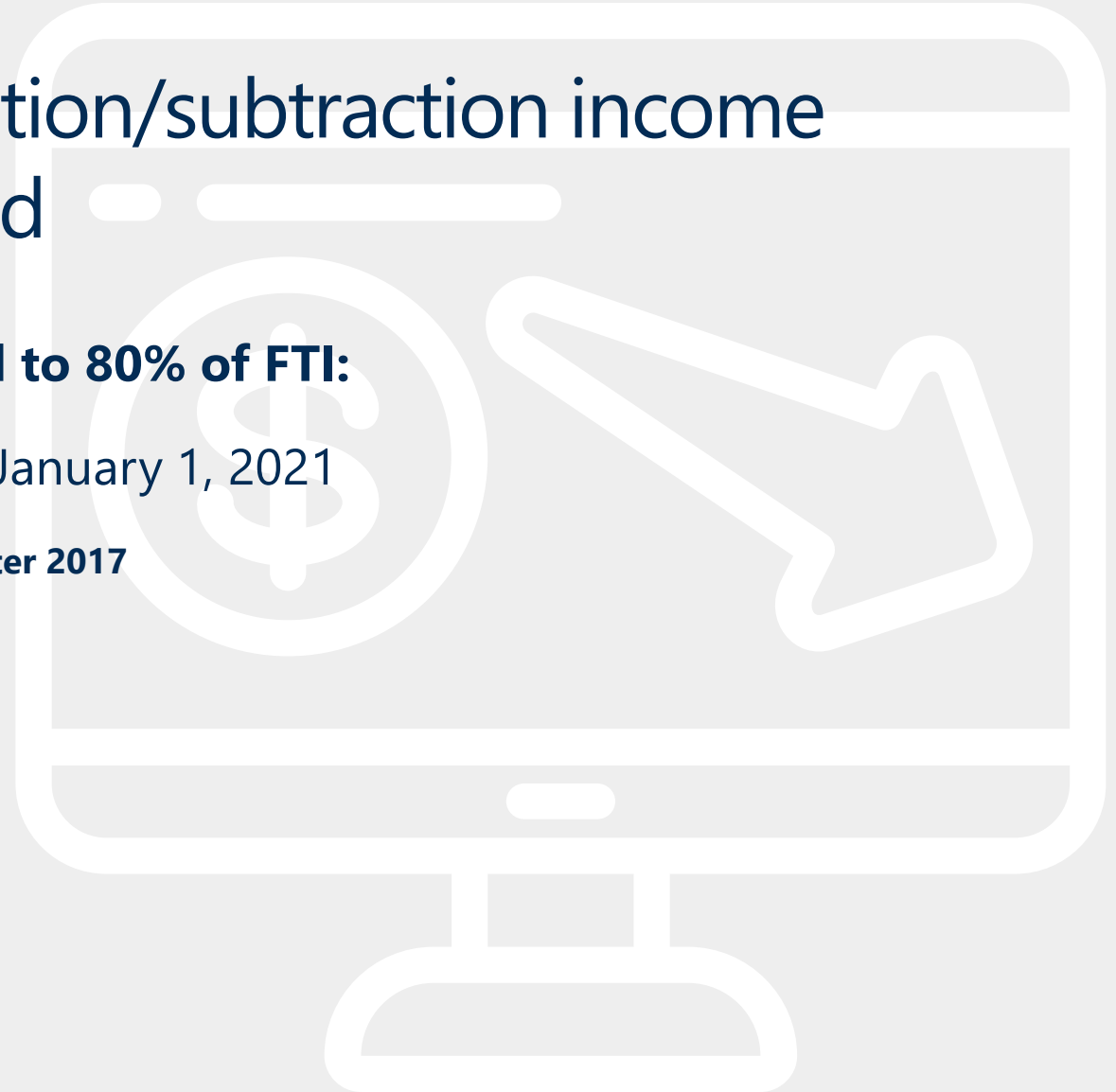




2021 Maine Income/Estate Tax Developments

Net operating loss addition/subtraction income modifications, continued

- **Carryforward deduction limited to 80% of FTI:**
 - Tax years beginning on or after January 1, 2021
 - **NOLs arising in tax years beginning after 2017**





2021 Maine Income/Estate Tax Developments

Net operating loss addition/subtraction income modifications, continued

- **80% FTI limitation does not apply to NOL deductions:**
 - Claimed for tax years beginning in 2018, 2019, and 2020.
 - Claimed for tax years beginning after 2020 for NOLs arising before 2018.

36 M.R.S. § § 5122(1)(LL), 5122(2)(TT), 5200-A(1)(DD), and 5200-A(2)(GG); L.D. 220; P.L. 2021, c. 1, Pt. H, § § 1,2 and 5.



2021 Maine Income/Estate Tax Developments

Excess business loss addition modification

- **Federal excess business losses allowed to non-corporate taxpayers pursuant to the federal Coronavirus Aid, Relief, and Economic Security (CARES) Act are disallowed for Maine tax purposes.**
- **Applies to tax years beginning in 2018, 2019, and 2020.**





2021 Maine Income/Estate Tax Developments

Excess business loss addition modification, continued

- **Amount of excess business loss disallowed for Maine tax purposes may be carried forward to subsequent tax years.**
 - If the amount has not been previously used to offset Maine taxable income.

36 M.R.S. § 5122(1)(MM); L.D. 220; P.L. 2021, c.1, Pt. D, § 1.



2021 Maine Income/Estate Tax Developments

Maine capital investment credit

- **Qualified improvement property placed in service after December 31, 2017 and before January 1, 2020, may not be included for purposes of calculating the Maine capital investment credit.**

36 M.R.S. § 5219-NN(2)(H); L.D. 220; P.L. 2021, c.1, Pt. F.



2021 Maine Income/Estate Tax Developments

Employer credit for family and medical leave

- **“Employees based in this state” means employees that perform more than 50% of employee-related activities for an employer at a location in Maine.**
- **Applies to tax years beginning on or after January 1, 2018.**

36 M.R.S. § 5219-UU; L.D. 141; P.L. 2021, c. 253, Pt. A, § 6.



Changes applicable to tax years beginning in 2019 *(retroactively)*



2021 Maine Income/Estate Tax Developments

Business interest deduction addition modification

- **The federal business interest deduction that exceeds 30% of federal adjusted taxable income pursuant to the CARES Act is disallowed for Maine income tax purposes.**
- **Applies to tax years beginning in 2019 and 2020.**

36 M.R.S. § 5122(1)(NN); L.D. 220; P.L. 2021, c. 1, Pt. E, § 1.



2021 Maine Income/Estate Tax Developments

Business interest deduction addition modification, continued

- **The amount of business interest deduction disallowed for Maine tax purposes may be carried forward to certain subsequent tax years.**
- **Effective March 17, 2021.**

36 M.R.S. § 5122(1)(NN); L.D. 220; P.L. 2021, c. 1, Pt. E, § 1.



2021 Maine Income/Estate Tax Developments

Excess business loss subtraction modification

- **Excess business loss previously disallowed for Maine tax purposes under 36 M.R.S. § 5122(1)(MM) may be recaptured in subsequent tax years to extent that:**
 - Maine taxable income not reduced to less than zero.
 - The amount was not previously used to offset Maine taxable income.



2021 Maine Income/Estate Tax Developments

Excess business loss subtraction modification, continued

- **The amount was not included when computing net operating loss carry-back or carry-over pursuant to Internal Revenue Code, Section 172 for federal tax purposes.**

36 M.R.S. §5122(2)(UU); L.D. 220; P.L. 2021, c. 1, Pt. D, § 2.



Changes applicable to tax years beginning in 2020 *(retroactively)*



2021 Maine Income/Estate Tax Developments

Credit for income tax paid to other taxing jurisdictions

- **The credit for income tax paid to another taxing jurisdiction is extended to Maine residents who:**
 - Were teleworking in Maine due to COVID-19.
 - **During 2020 or 2021 during the state of emergency period.**
 - Performed the same services from a location outside of Maine immediately prior to the COVID-19 state of emergency.



2021 Maine Income/Estate Tax Developments

Credit for income tax paid to other taxing jurisdictions, continued

- **The credit is extended to the extent that:**
 - The other jurisdiction is asserting the income is sourced to that jurisdiction.
 - The employee does not qualify for an income tax credit in that jurisdiction for Maine income taxes paid as result of the compensation.

L.D. 220; P.L. 2021, c.1, Pt. I, § 1; L.D. 1216; P.L. 2021, c. 181, Pt. D, § 4.



2021 Maine Income/Estate Tax Developments

Educational opportunity tax credit

- **Maine residents employed in Maine prior to, or during, the COVID-19 pandemic who became unemployed as a result of COVID-19 may be eligible for the educational opportunity tax credit.**
- **Applies to tax years beginning in 2020.**

L.D. 220; P.L. 2021, c.1, Pt. I, § 2.



2021 Maine Income/Estate Tax Developments

Unemployment compensation subtraction modification

- **Unemployment compensation, up to \$10,200, is exempt from Maine income tax.**
 - Federal adjusted gross income must be less than \$150,000.
 - \$10,200 applies separately to each spouse, if married filing jointly.
- **Applies to tax years beginning in 2020.**

36 M.R.S. § 5122(2)(WW); L.D. 220; P.L. 2021, c.1, Pt. Z.

Changes applicable to tax years beginning in 2021



2021 Maine Income/Estate Tax Developments

Maine Seed Capital Tax Credit Program

- **Aggregate investment eligible for any one business approved by FAME before April 1, 2020, may not exceed \$5,000,000.**
 - The \$2,000,000 annual limitation does not apply with respect to that business.



2021 Maine Income/Estate Tax Developments

Maine Seed Capital Tax Credit Program, continued

- **Total annual aggregate credits that may be issued by FAME during calendar years 2021 and 2022 is reduced from \$15,000,000 to \$13,500,000.**

10 M.R.S. § § 1100-T(2)(C), 1100-T(2-C)(C), 1100-T(2-C)(D), and 1100-T(4); L.D. 229; P.L. 2021, c.412.



2021 Maine Income/Estate Tax Developments

Loan Guarantee Program deferred interest income subtraction modification.

- **Interest deferred or not charged on a loan issued under the Loan Guarantee Program established under 10 M.R.S., § 1100-CC is exempt from all state taxes.**
- **Effective March 18, 2020.**

10 M.R.S. § 1100-DD(6). L.D. 2167; P.L. 2019, c. 617, Pt. I, § 2.



2021 Maine Income/Estate Tax Developments

Business meals deduction addition modification

- **The amount of any increase in the federal business meals deduction pursuant to the federal Consolidated Appropriations Act, 2021 is not allowed for Maine income tax purposes.**
- **Applies to tax years beginning on or after January 1, 2021.**

36 M.R.S. § 5122(1)(OO); LD 220; P.L. 2021, c. 1, Pt. X, § 1.



2021 Maine Income/Estate Tax Developments

Bonus depreciation subtraction modification - clarification

- **Individual shareholder may deduct**
 - Bonus depreciation previously added back to federal taxable income by a corporation, and
 - Absent an S corporation election, the corporation could have reduced its federal taxable income for the taxable year pursuant to 36 M.R.S. § 5200-A(2)(FF).
- **Effective October 18, 2021.**

36 M.R.S. §§ 5122(2)(X); LD 1216; P.L. 2021, c. 181, Pt. A, § 5.



2021 Maine Income/Estate Tax Developments

Business interest deduction subtraction modification

- **Business interest deduction previously disallowed for Maine income tax purposes may be recaptured in subsequent tax years.**
 - Up to 25% per taxable year.
 - Maine taxable income cannot be reduced below zero.
 - The amount was not previously used to reduce Maine taxable income.



2021 Maine Income/Estate Tax Developments

Business interest deduction subtraction modification, continued

- **Applies to tax years beginning on or after January 1, 2021.**

36 M.R.S. §§ 5122(2)(VV); LD 220; P.L. 2021, c. 1, Pt. E, § 2.

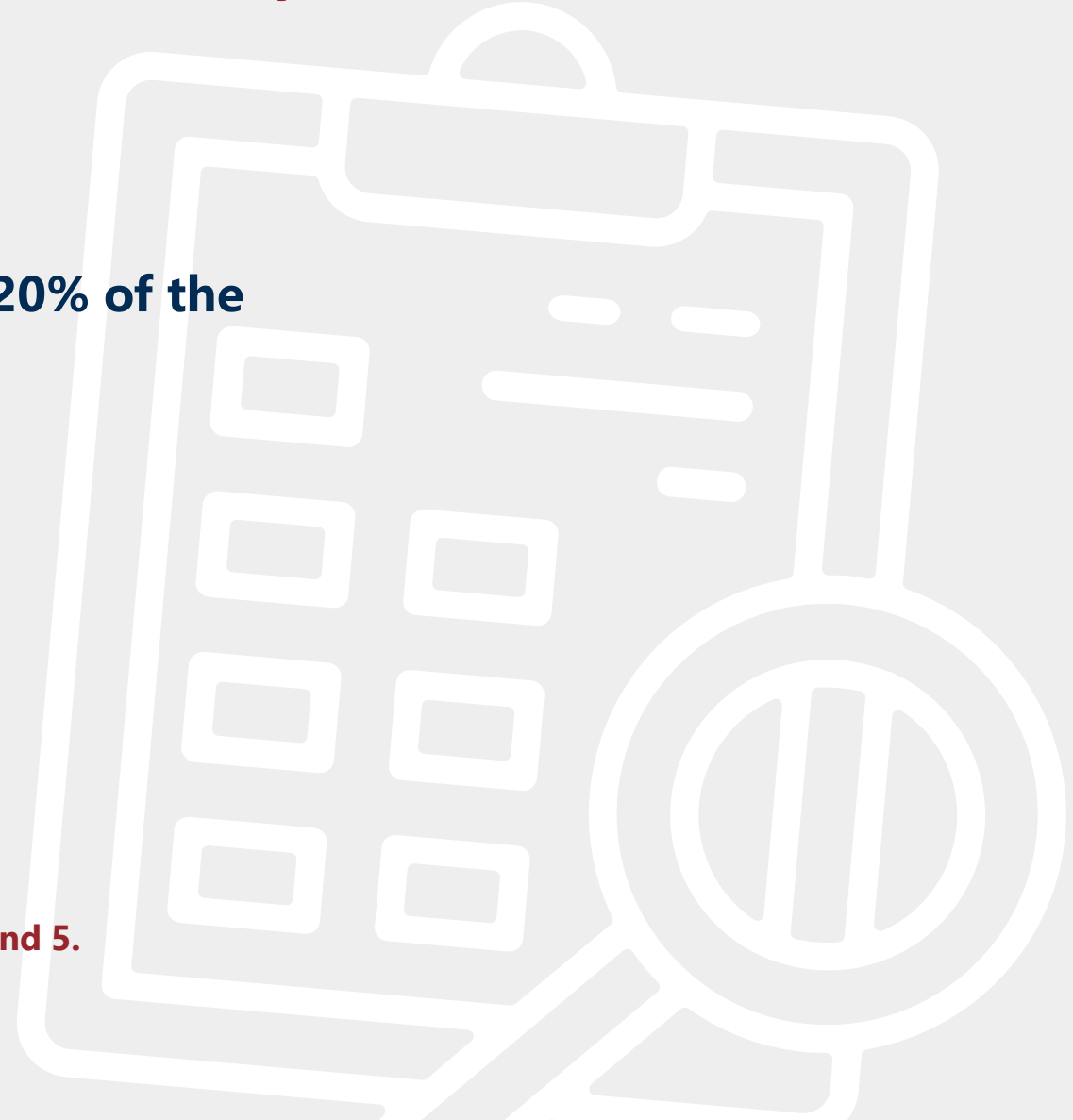


2021 Maine Income/Estate Tax Developments

Earned income tax credit

- **Earned income tax credit is changed to 20% of the federal earned income credit.**
- **Applies to tax years beginning in 2021.**

36 M.R.S. §§ 5219-S; LD 221; P.L. 2021, c. 398, Pt. H, § § 3, 4 and 5.





2021 Maine Income/Estate Tax Developments

Earned income tax credit, continued

- **Extended to individuals who file a federal income tax return using a federal individual taxpayer identification number**
 - TIN must be assigned by the Internal Revenue Service on or before the due date of filing the return.
 - Taxpayer must be otherwise eligible for the Maine earned income tax credit.
- **Applies to tax years beginning on or after January 1, 2021.**

36 M.R.S. §5219-S(7); L.D. 1651; P.L. 2021, c. 479, § 1.



2021 Maine Income/Estate Tax Developments

Credit for biofuel commercial production

- **For tax years beginning on or after January 1, 2021, the tax credit for biofuel commercial production and commercial use is reinstated.**
 - Biofuel means “any liquid or gaseous product or energy source used to propel motor vehicles . . . that is derived from agricultural crops or residues or from forest products or byproducts, as distinct from petroleum or other fossil carbon sources.”



2021 Maine Income/Estate Tax Developments

Credit for biofuel commercial production, continued

- **The credit is equal to 5¢ per gallon of biofuel produced.**
 - Limited to the tax on income derived from the production of biofuel
 - Unused credits (including carryover amounts) cannot reduce tax liability below zero.
- **Unused credit amounts can be carried forward for up to ten taxable years.**



2021 Maine Income/Estate Tax Developments

Credit for biofuel commercial production, continued

- **Taxpayers claiming the credit must, for each credit claimed, report to DECD:**
 - The dollar amount of the tax credit.
 - The number of direct manufacturing jobs created.
 - The dollar amount of capital investment in manufacturing.

36 M.R.S. §5219-X(5) and 5219-X(6); L.D. 1698, P.L. 2019, c.628, § 2; L.D. 1216; P.L. 2021, c. 181, Pt. A, §§ 12 and 15.



2021 Maine Income/Estate Tax Developments

Property tax fairness credit (PTFC)

- **The maximum credit amount is increased to \$1,000 (\$1,500 if 65 years of age or older).**
- **Applies to tax years beginning in 2021.**

36 M.R.S. § 5219-KK(2-C); LD 221; P.L. 2021, c. 398, Pt. H, § 7.





2021 Maine Income/Estate Tax Developments

Credit for affordable housing

- **Refundable income tax credit for an affordable housing project located in Maine.**
 - Enacted to address the shortage of safe, affordable housing in Maine.
 - Eligible taxpayers must be certified by the Maine State Housing Authority (MSHA)
- **Allocation, recapture, and reporting provisions apply.**

36 M.R.S. § 5219-WW; L.D. 1645, P.L. 2019, c. 555, § 6.



2021 Maine Income/Estate Tax Developments

Renewable chemicals tax credit

- **Credit may equal to 8¢ per pound of the renewable chemicals produced in Maine.**
- **Limited to the Maine tax imposed on income derived during the taxable year from the production of renewable chemicals.**
- **Unused credit amount may be carried forward for up to ten taxable years.**



2021 Maine Income/Estate Tax Developments

Renewable chemicals tax credit, continued

- **Applies to tax years beginning on or after January 1, 2021.**
- **Taxpayer and legislative reporting requirements apply.**
- **Rulemaking requirements apply.**

36 M.R.S. § 5219-XX; L.D. 1698, P.L. 2019, c. 628, § 3; L.D. 1216, P.L. 2021, c. 181, Pt. A, § 13.

Changes applicable to tax years beginning in 2022



2021 Maine Income/Estate Tax Developments

Pine Tree Development Zones

- **Certification and benefits are extended by two years.**
 - Certification ends December 31, 2023.
 - Benefits cease December 31, 2033.
 - Includes income tax, franchise tax, and insurance premiums tax credits; sales and use tax exemptions for tangible personal property and transmission/distribution of electricity; and the ETIF reimbursement of employee withholding tax, up to 80%.

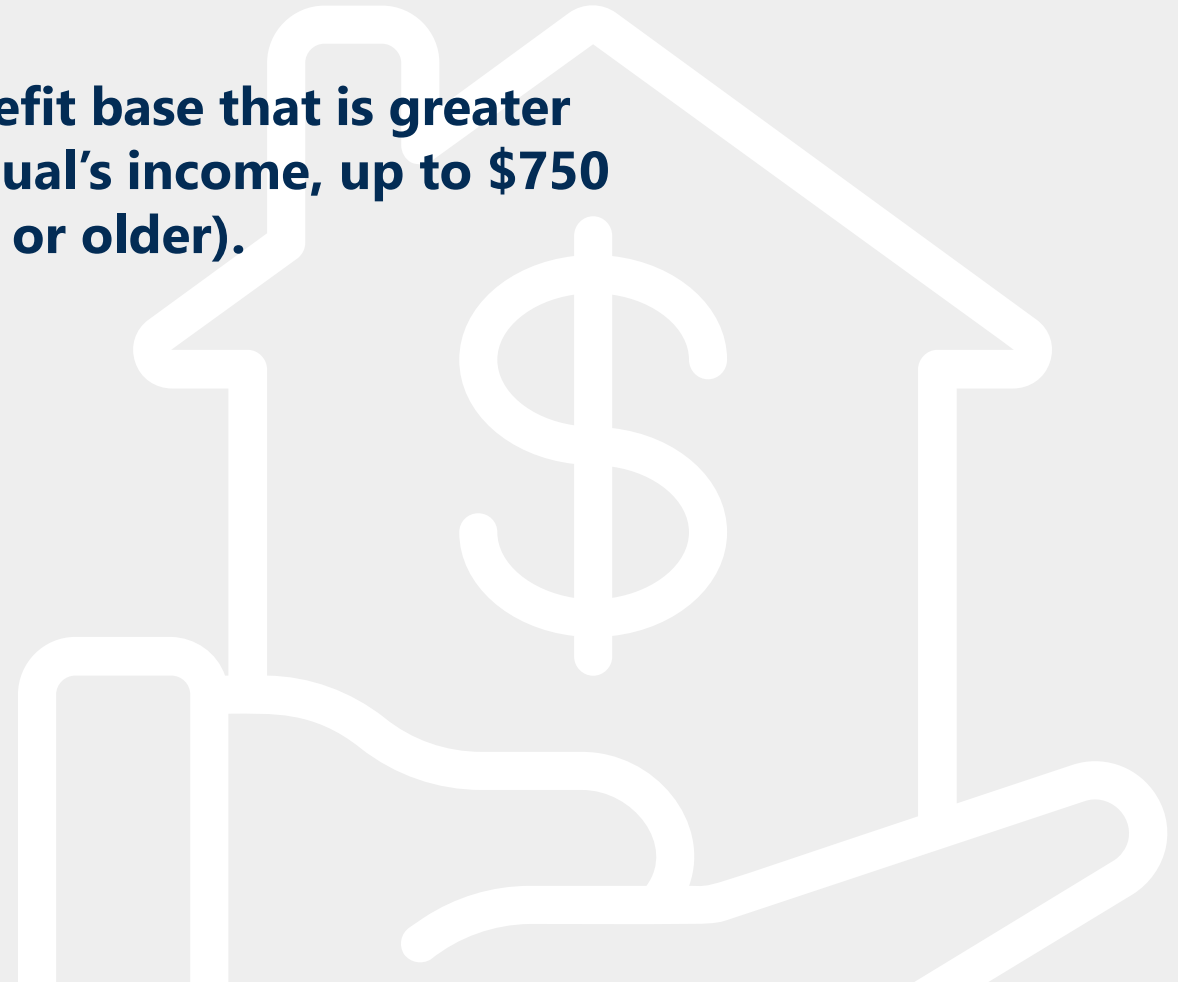
30-A M.R.S. § 5250-J; L.D. 221; P.L. 2021, c. 398, Pt. III, § 1.



2021 Maine Income/Estate Tax Developments

Property tax fairness credit (PTFC)

- **Credit is increased to 100% of the benefit base that is greater than 4% (previously 5%) of the individual's income, up to \$750 (\$1,200 for individuals 65 years of age or older).**





2021 Maine Income/Estate Tax Developments

Property tax fairness credit (PTFC), continued

- **Property tax amounts paid on the taxpayer's behalf during the tax year by the State to a municipality under the Property Tax Deferral Program may be included in the benefit base for purposes of calculating the PTFC.**
- **Applies to tax years beginning on or after January 1, 2022.**

36 M.R.S. §§ 5219-KK(1)(A-1) and 5219-KK(2-D); L.D. 221; P.L. 2021, c. 398, Pt. H, § 8; L.D. 1733; P.L. 2021, c. 483, Pt. AA, § 1.



2021 Maine Income/Estate Tax Developments

Access to justice income tax credit

- **Income tax credit, up to \$6,000, may be claimed in the first year that an eligible attorney meets the conditions of eligibility for at least six months and in each of the four subsequent years.**
- **Supreme Judicial Court may certify up to five eligible attorneys each year from 2022 through 2027.**



2021 Maine Income/Estate Tax Developments

Access to justice income tax credit, continued

- **To be eligible, the attorney must:**
 - Agree to practice law in an underserved area for at least five years.
 - Be rostered by the Maine Commission on Indigent Legal Services to accept court appointments to represent clients in an underserved area; and
 - Agree to perform pro bono legal services in an underserved area.



2021 Maine Income/Estate Tax Developments

Access to justice income tax credit, continued

- **Credit may not reduce the tax otherwise due to less than zero.**
- **Court must decertify individuals who cease to meet the conditions of eligibility.**
- **Legislative reporting requirements apply.**

36 M.R.S. § 5219-YY; L.D. 978, P.L. 2021, c. 473



2021 Maine Income/Estate Tax Developments

Voluntary checkoff for the Emergency Food Assistance Program Fund

- **NEW voluntary contribution check-off for the Emergency Food Assistance Program Fund.**
 - Fund is created to support the emergency food assistance program administered by the Department of Agriculture, Conservation and Forestry.
 - Form 1040ME, Schedule CP.
- **Applies to tax years beginning on or after January 1, 2022.**

36 M.R.S. §§ 5283-A and 5293; L.D. 1046; P.L. 2021, c. 437

FIDUCIARY INCOME TAX



Changes applicable to tax years beginning in 2018

(retroactively)



2021 Maine Income/Estate Tax Developments

Nonresident estates and trusts - clarification

- **A nonresident estate or trust with no Maine taxable income or no Maine income tax liability must file a Maine income tax return if:**
 - The estate or trust has distributable net income derived from or connected with sources in Maine, and
 - Gross income equal to or greater than \$10,000.

36 M.R.S. § 5220(4)(B); L.D. 141; P.L. 2021, c. 253, Pt. A, § 7

CORPORATE INCOME TAX



Changes applicable to tax years beginning in 2019

(retroactively)



2021 Maine Income/Estate Tax Developments

Charitable contributions addition modification

- **The additional charitable contribution deduction allowed to corporations pursuant to the federal CARES Act is disallowed for Maine income tax purposes.**
- **Applies to tax years beginning after January 1, 2019 and before January 1, 2020.**

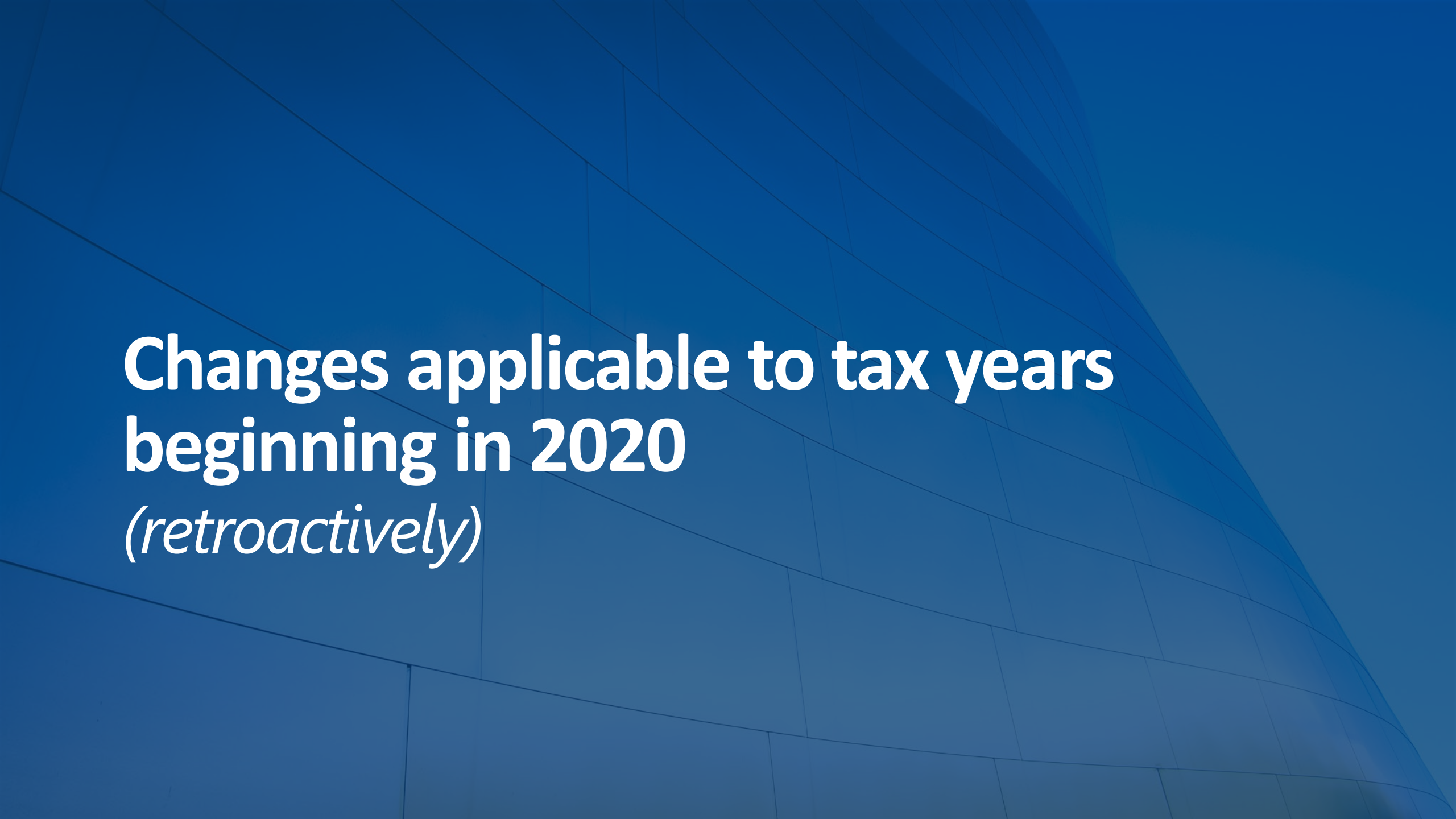


2021 Maine Income/Estate Tax Developments

Charitable contributions addition modification, continued

- **Charitable contributions disallowed for Maine tax purposes may be carried forward to tax years beginning after January 1, 2020 and before January 1, 2025:**
 - May not reduce Maine taxable income below zero.
 - To the extent the amount has not been previously used to reduce Maine taxable income.

36 M.R.S. §§ 5200-A(1)(HH) and 5200-A(2)(II); L.D. 220; P.L. 2021, c. 1, Pt. G, §§ 1 and 2



Changes applicable to tax years beginning in 2020 *(retroactively)*



2021 Maine Income/Estate Tax Developments

Foreign derived intangible income deduction addition modification

- **Maine taxable income must be increased by the amount of the foreign derived intangible income deduction claimed in accordance with the Internal Revenue Code, Section 250(a).**
- **Applies to tax years beginning on or after January 1, 2020.**

36 M.R.S. § 5200-A(1)(FF); L.D. 220; P.L. 2021, c. 1, Pt. U

Changes applicable to tax years beginning in 2022



2021 Maine Income/Estate Tax Developments

Factor presence / economic / corporate income tax nexus

- **General nexus standard**
 - Corporation is organized or commercially domiciled in Maine; or
 - Maine's safe harbor nexus thresholds are exceeded.
- **Applies to tax years beginning on or after January 1, 2022.**



2021 Maine Income/Estate Tax Developments

Factor presence / economic / corporate income tax nexus, continued

- **Safe harbor nexus thresholds:**

- \$250,000 of property in Maine;
- \$250,000 in payroll in Maine;
- \$500,000 in sales in Maine; or
- 25% of the corporation's total property, payroll, or sales is in Maine.

36 M.R.S. §§ 5102(10), 5200-B, and 5211(14); L.D. 1216; P.L. 2021, c. 181, Pt. E

PARTNERSHIP AUDIT RULES



2021 Maine Income/Estate Tax Developments

Partnership Audit Adjustments

- **Maine reporting and tax payment requirements in response to federal partnership adjustments under the new federal centralized partnership audit rules:**
 - Allow negative federal adjustments arising from Internal Revenue Service partnership audits and administrative adjustment requests filed with the Internal Revenue Service.



2021 Maine Income/Estate Tax Developments

Partnership Audit Adjustments, continued

- Allow a refund directly to the partnership in lieu of a refund to the affected partners to the extent that negative adjustments exceed positive adjustments.
- Maine reporting and tax payment requirements also apply, in addition to a federal audit adjustment, to a partnership that has filed an administrative adjustment request with the Internal Revenue Service.

L.D. 1216; P.L. 2021, c. 181, Pt. A, §§ 6 through 11.

INSURANCE PREMIUMS TAX



2021 Maine Income/Estate Tax Developments

Travel insurance premiums

- **Maine insurance premiums tax applies to travel insurance premiums paid by:**
 - Primary policyholders and certificate holders who are residents of Maine, or
 - A blanket travel insurance policyholder that is a resident of Maine or that has its principal place of business in Maine.



2021 Maine Income/Estate Tax Developments

Travel insurance premiums, continued

- **Certain apportionment or allocation rules may apply to the insurer across multiple taxing jurisdictions.**

LD 1563; P.L. 2021, c. 354, § 18.



2021 Maine Income/Estate Tax Developments

Retaliatory tax - clarification

- **The Maine retaliatory tax is imposed on foreign insurers licensed and doing business in Maine.**
 - Applies when the insurer's home state or province would assess, in aggregate, a higher tax on a Maine insurer than Maine would assess on a foreign insurer.



2021 Maine Income/Estate Tax Developments

Retaliatory tax – clarification, continued

- **The Maine retaliatory tax applies to foreign insurers licensed and doing business in Maine, including those that are incorporated in:**
 - A State or a possession of the United States;
 - The District of Columbia; and
 - A Canadian province

LD 1216; P.L. 2021, c. 181, Pt. A, § 4.



2021 Maine Income/Estate Tax Developments

See the full Summary of Tax Law Changes enacted by the First Regular Session and the First Special Session of the 130th Legislature available on the MRS website at:

www.maine.gov/revenue/publications/rules

(click on "2021 Tax Law Changes" at top)



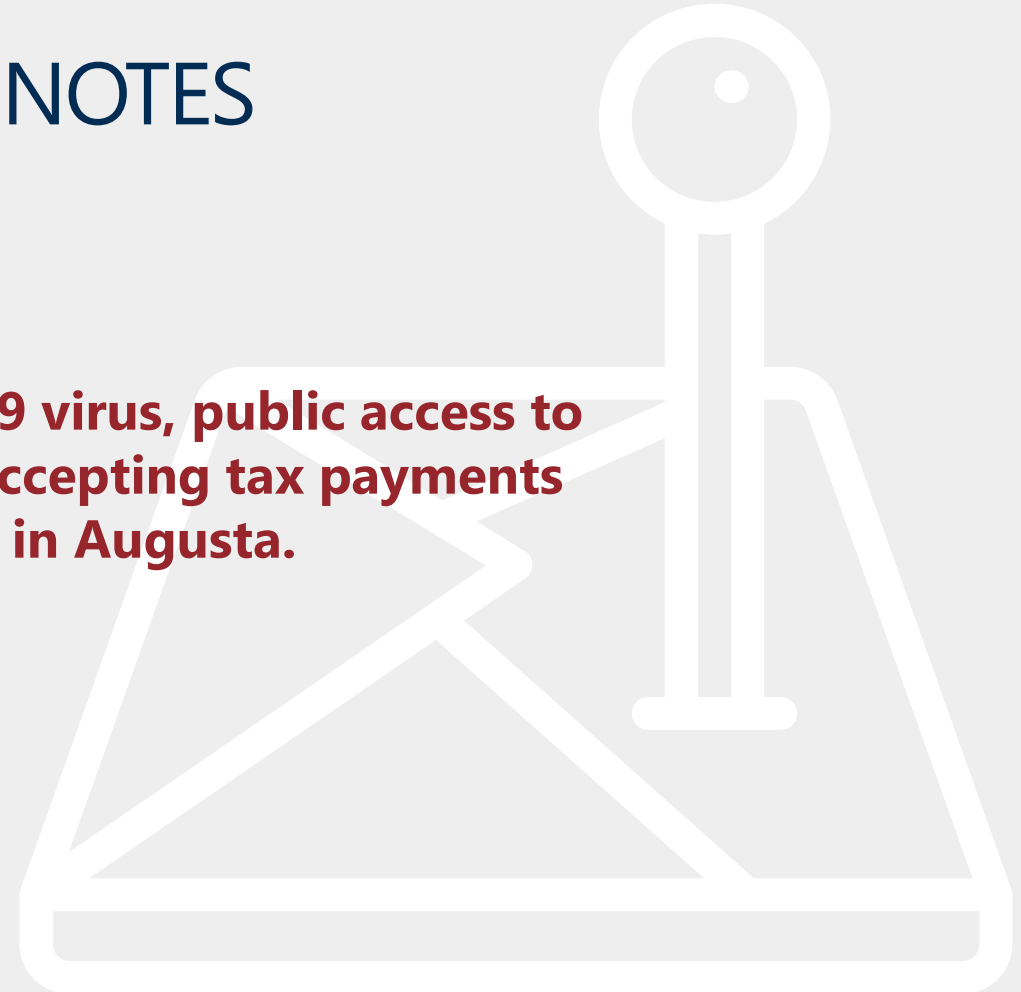
QUESTIONS



2021 Maine Income/Estate Tax Developments

MRS Contact Information – NOTES

- **To prevent the spread of the COVID-19 virus, public access to MRS facilities will be limited to only accepting tax payments by deposit box at 51 Commerce Drive in Augusta.**





2021 Maine Income/Estate Tax Developments

MRS Contact Information – NOTES

- **Except for the Compliance Tax Division, MRS telephone assistance hours are 9:00 am to 12:00 noon, Monday through Friday, except holidays.**



2021 Maine Income/Estate Tax Developments

MRS Contact Information

- **E-File Help Desk (1040 only)**
 - efile.helpdesk@maine.gov (207) 624-9730
- **Tax Practitioner's Hotline**
 - (207) 626-8458
- **To order Forms**
 - www.maine.gov/revenue (207) 624-7894



2021 Maine Income/Estate Tax Developments

MRS Contact Information

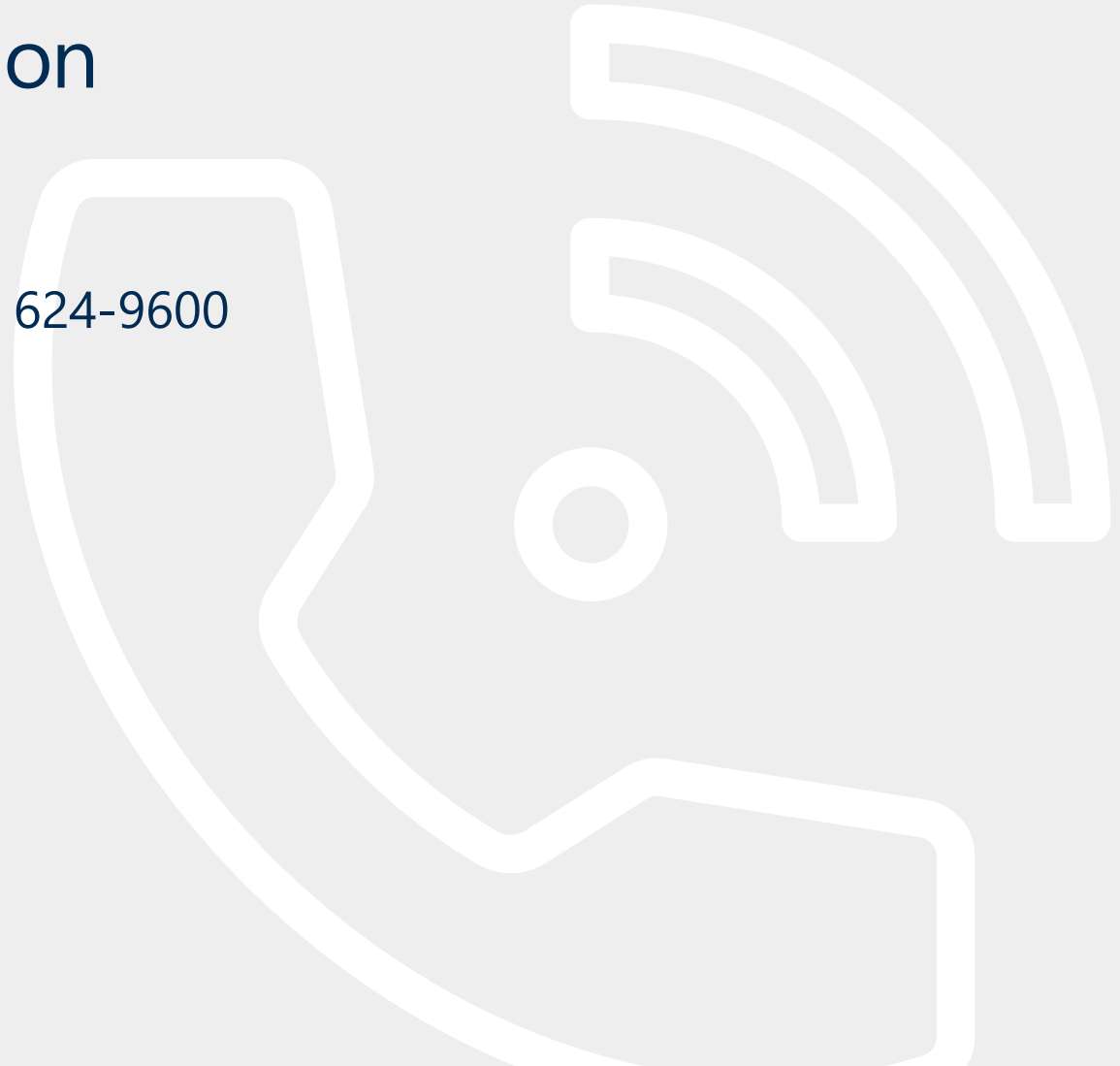
- **Income Tax Division**
 - income.tax@maine.gov (207) 626-8475
- **Withholding Tax Section**
 - withholding.tax@maine.gov (207) 626-8475
(touch-tone callers, press 1, then option 4)
- **Sales Tax Division**
 - sales.tax@maine.gov (207) 624-9693



2021 Maine Income/Estate Tax Developments

MRS Contact Information

- **Tax Violations Hot Line**
 - MRS.TAXTIP@maine.gov (207) 624-9600
- **Refund Information**
 - www.maine.gov/revenue
- **Frequently Asked Questions**
 - www.maine.gov/revenue





2021 Maine Income/Estate Tax Developments

MRS Contact Information

- **MRS Contact Center**

- (207) 624–9784

- **Where's My Refund?**
 - **Why did I receive a Form 1099-G from Maine Revenue Services?**





2021 Maine Income/Estate Tax Developments

MRS Contact Information

- **All MRS telephone and email contact information is available at:**
www.maine.gov/revenue/contact.