



Maine Revenue Services

2026 Income/Estate Tax Updates

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Topic Overview

General Changes that stretch across various years

- Maine standard deduction amount for tax years 2025, 2026 and 2027
- Maine Affordability Payment Program (APP)

2026 Income/Estate Tax Updates



Access complete PDF of tax law changes

Complete 2026 Tax Law Changes:
<https://www.maine.gov/revenue/publications/rules>

then click on “2026 Tax Law Changes (PDF)” underneath “Laws” at top of page.



2026 Income/Estate Tax Updates



General Changes Across Tax Years

Standard deduction for tax years beginning in 2025 and 2026

- The Maine standard deduction is equal to the sum of the basic standard deduction and the additional standard deduction, subject to phase-out.
- **The additional standard deduction is equal to the amount allowed under the Code, Section 63(c)(3) (i.e., for age and blindness).**





General Changes Across Tax Years

Standard deduction –

For tax years beginning in 2025

- The basic standard deduction equals:
 - \$15,000 for single individuals and married persons filing separate returns;
 - \$22,500 for individuals filing as heads of households; and
 - \$30,000 for individuals filing married joint returns or surviving spouses.



2026 Income/Estate Tax Updates



General Changes

Standard deduction –

For tax years beginning in 2026

- The basic standard deduction equals:
 - \$15,700 for single individuals and married persons filing separate returns;
 - \$23,550 for individuals filing as heads of households; and
 - \$31,400 for individuals filing married joint returns or surviving spouses.



2026 Income/Estate Tax Updates



General Changes

Standard deduction for tax years beginning on or after January 1, 2027

- The Maine standard deduction is equal to the federal standard deduction, subject to phase-out.





General Changes

Maine Affordability Payment Program (APP)

- The Maine APP is a \$300 one-time payment created to return a portion of Maine sales and excise tax payments to eligible Maine residents considered to be disproportionately affected by such taxes.





General Changes

Maine APP, continued

- Eligible Maine residents must
 - File a Maine individual income tax return as a full-year resident for tax year 2025 no later than October 15, 2026.
 - Not be claimed as a dependent on any other person's 2025 tax return





General Changes

Maine APP, continued

- Eligible Maine residents must have 2025 federal adjusted gross income that is less than:
 - \$100,000 if married filing jointly (or QSS)
 - \$75,000 if head of household
 - \$50,000 if single or married filing separately





General Changes

Maine APP, continued

- Up to \$300 for each taxpayer and spouse
- Exempt from Maine income tax
- Not subject to offset against other debts





Poll Question 1



2026 Income/Estate Tax Updates

Topic Overview

Retroactive changes applicable to tax years beginning on or after January 1, 2025.

- Conformity
- Domestic research or experimental expenditures
- Net increase in the federal depreciation deduction for qualified production property
- Gain from the sale of qualified small business stock



Retroactive changes applicable to tax years beginning 2025

Conformity

- Conformity with the Internal Revenue Code is extended to the United States Internal Revenue Code of 1986 as amended through December 31, 2025.
- Applies to tax years beginning on or after January 1, 2025, and to any prior tax year as specifically provided by the Code and federal Public Law 119-21, Section 70302(f).





Retroactive changes applicable to tax years beginning 2025

Conformity, continued

- Conformity with the Code applies unless otherwise stated in Maine law.
 - Generally reflected in income addition and subtraction modifications
 - 36 M.R.S. § 5122 (non-corporate taxpayers)
 - 36 M.R.S. § 5200-A (C corporations)





Retroactive changes applicable to tax years beginning 2025

Domestic research or experimental expenditures:

Income addition modification

- For taxable years beginning on or after January 1, 2025, and before January 1, 2030.



2026 Income/Estate Tax Updates



Retroactive changes applicable to tax years beginning 2025

Domestic research or experimental expenditures:

Income addition modification

- Equal to the federal deduction for domestic research or experimental expenditures claimed by the taxpayer under the Code, Section 174A(a), or pursuant to federal Public Law 119-21, Section 70302(f)(2), multiplied by the applicable percentage.





Retroactive changes applicable to tax years beginning 2025

Domestic research or experimental expenditures:

Income addition modification

- Applicable percentage
 - 100% for tax years beginning in 2025;
 - 70% for tax years beginning in 2026 (100% if the federal deduction is claimed pursuant to federal Public Law 119-21 Section 70302(f)(2));



2026 Income/Estate Tax Updates



Retroactive changes applicable to tax years beginning 2025

Domestic research or experimental expenditures:

Income addition modification

- Applicable percentage
 - 50% for tax years beginning in 2027;
 - 30% for tax years beginning in 2028; and
 - 10% for tax years beginning in 2029.



2026 Income/Estate Tax Updates



Retroactive changes applicable to tax years beginning 2025

Domestic research or experimental expenditures:

Income addition modification

- Exception for certain small businesses
 - Average annual gross receipts of \$31 million or less
 - Election to file amended returns for tax years beginning after 2021



2026 Income/Estate Tax Updates



Retroactive changes applicable to tax years beginning 2025

Domestic research or experimental expenditures:

Income addition modification

- Eligible for recapture (income subtraction modification)
 - 36 M.R.S. §§ 5122(2)(BBB) and 5200-A(2)(KK).
- For taxable years beginning on or after January 1, 2025, and before January 1, 2031.





Retroactive changes applicable to tax years beginning 2025

Domestic research or experimental expenditures:

Income subtraction modification - equal to:

- 1) The amortization deduction allowable for domestic research or experimental expenditures under former Code Section 174 prior to enactment of federal Public Law 119-21.
 - Expenditures paid or incurred in taxable years beginning after December 31, 2021, and before January 1, 2026; and



2026 Income/Estate Tax Updates



Retroactive changes applicable to tax years beginning 2025

Domestic research or experimental expenditures:
Income subtraction modification -
equal to:

- 2) The amortization deduction for domestic research or experimental expenditures, except those described in paragraph 1, for which an income addition modification was required under 36 M.R.S. §§ 5122(1)(QQ) or 5200-A(1)(LL) in a prior tax year.
 - Allowed ratably over a period beginning with the taxable year immediately following the taxable year in which the income addition modification was required and ending in the taxable year beginning in 2030.





Retroactive changes applicable to tax years beginning 2025

Net increase in the federal depreciation deduction for qualified production property

Income addition modification

- Equal to the net increase in depreciation attributable to the depreciation deduction claimed by the taxpayer under the Code, Section 168(n).



2026 Income/Estate Tax Updates



Retroactive changes applicable to tax years beginning 2025

Net increase in the federal depreciation deduction for qualified production property

Income addition modification

- Generally, the special federal depreciation deduction applies to qualifying property constructed after January 19, 2025 and before January 1, 2029, and placed in service before January 1, 2031.



2026 Income/Estate Tax Updates



Retroactive changes applicable to tax years beginning 2025

Net increase in the federal depreciation deduction for qualified production property

Income addition modification

- Eligible for recapture ratably in future tax years in accordance with 36 M.R.S. §§ 5122(2)(CCC) and 5200-A(2)(LL).





Retroactive changes applicable to tax years beginning 2025

Gain from the sale of qualified small business stock

Income addition modification

- Applies to Non-corporate taxpayers
 - Equal to the gain excluded from federal gross income by the taxpayer under the Code, Section 1202(a)(1) with respect to sales of qualified small business stock first acquired after July 4, 2025, and held for at least three years.



2026 Income/Estate Tax Updates



Retroactive changes applicable to tax years beginning 2025

Gain from the sale of qualified small business stock

Income addition modification

- Non-corporate taxpayers
 - Qualified small business stock means stock held in a C corporation with assets not exceeding \$75 million.



2026 Income/Estate Tax Updates



Retroactive changes applicable to tax years beginning 2025

Poll Question 2



2026 Income/Estate Tax Updates

Topic Overview

Changes applicable to tax years beginning 2026

- **Income tax surcharge**
- **Earnings on funds in ABLE accounts**
- **Property tax fairness credit (PTFC)**
- **Maine dependent exemption tax credit**

2026 Income/Estate Tax Updates

Topic Overview

Changes applicable to tax years beginning 2026, continued

- Capital gain recognized on the sale of a majority interest in a qualified property
- Global intangible low-taxed income / net CFC tested income
- Dirigo business incentives tax credit (data centers excluded)
- NEW Pass-Through Entity Tax (PTET) Program (covered separately)



Changes applicable to tax years beginning 2026

Income tax surcharge

- For tax years beginning on or after January 1, 2026, an income tax surcharge of 2% applies to the portion of Maine taxable income that exceeds:
 - \$1 million for **single individuals**;
 - \$750,000 for **married individuals filing separate returns**; and





Changes applicable to tax years beginning 2026

Income tax surcharge

- For tax years beginning on or after January 1, 2026, an income tax surcharge of 2% applies to the portion of Maine taxable income that exceeds:
 - \$1.5 million for individuals filing as **heads of households**, **married individuals filing joint returns**, or individuals filing as **surviving spouses**.





Changes applicable to tax years beginning 2026

Income tax surcharge

- Also applies to trusts and estates filing income tax returns at the rate for single individuals.
- The Maine taxable income thresholds are annually adjusted for inflation, beginning in 2026 (for tax years beginning in 2027).





Changes applicable to tax years beginning 2026

Earnings on funds in ABLE accounts

- The law clarifies that the income subtraction modification for any earnings on funds in an account established under a qualified ABLE program applies only to the extent the amount is included in federal adjusted gross income.





Changes applicable to tax years beginning 2026

Property tax fairness credit (PTFC)

- For tax years beginning on or after January 1, 2026, the maximum PTFC is increased to \$1,500 for individuals under 65 years of age.
- The maximum PTFC for individuals 65 years of age and over remains at \$2,000.





Changes applicable to tax years beginning 2026

Maine Dependent Exemption Tax Credit

- The Maine dependent exemption tax credit is amended to reflect the permanent repeal of the federal personal exemption for tax years beginning after 2025.





Changes applicable to tax years beginning 2026

Maine Dependent Exemption Tax Credit

- Reason for the change:
 - Previously enacted Maine law anticipated that the federal personal exemption would be reinstated.





Changes applicable to tax years beginning 2026

Maine Dependent Exemption Tax Credit

- Reason for the change:
 - Maine dependent exemption tax credit must be based on each qualifying child and dependent of the taxpayer for whom the taxpayer is eligible to claim the federal child tax credit (instead of federal personal exemptions claimed).





Changes applicable to tax years beginning 2026

Poll Question 3



2026 Income/Estate Tax Updates



Changes applicable to tax years beginning 2026

Capital gain recognized on the sale of a majority interest in a qualified property

- Applies to tax years beginning on or after January 1, 2026





Changes applicable to tax years beginning 2026

Capital gain recognized on the sale of a majority interest in a qualified property

- A taxpayer with a majority interest in a qualified property on which the taxpayer realizes a capital gain during the tax year on the transfer of that property to:
 - a cooperative affordable housing corporation
 - a municipal housing authority; or
 - an affiliate of a municipal housing authority

may qualify to reduce Maine taxable income by a portion of the gain.





Changes applicable to tax years beginning 2026

Capital gain recognized on the sale of a majority interest in a qualified property

- Change is an expansion of the existing income subtraction modification related to the gain on the transfer of a majority interest in a qualified business to a cooperative affordable housing corporation, municipal housing authority, or an affiliate of a municipal housing authority.





Changes applicable to tax years beginning 2026

Capital gain recognized on the sale of a majority interest in a qualified property

- The total income subtraction modification for both the gain on the transfer of a qualified property and the gain on the transfer of a majority interest in a qualified business is limited to \$750,000.



2026 Income/Estate Tax Updates



Changes applicable to tax years beginning 2026

Capital gain recognized on the sale of a majority interest in a qualified property

- “Qualified property” means real estate for which the primary purpose is housing consisting of one or more mobile home parks, including any mobile homes located on, and being sold with, the park or parks.





Changes applicable to tax years beginning 2026

Recapture of the net increase in the federal depreciation deduction for qualified production property

- The amount of the net increase in depreciation attributable to the depreciation deduction claimed by the taxpayer under the Code, Section 168(n) previously required to be added back to federal taxable income under 36 M.R.S. §§ 5122(1)(RR) or 5200-A(1)(MM) may be recaptured ratably in tax years following the year the property was placed into service.





Changes applicable to tax years beginning 2026

Recapture of the net increase in the federal depreciation deduction for qualified production property

- The amount of the recapture is based on the depreciation allowable for the taxable year under the Code, Sections 167 and 168 had the taxpayer not claimed the increased depreciation deduction under the Code, Section 168(n).





Changes applicable to tax years beginning 2026

Global intangible low-taxed income (GILTI) name change

- The reference to “global intangible low-taxed income” in 36 M.R.S. § 5200-A(2)(EE) relative to the Maine corporate income subtraction modification for 50% of GILTI is changed to “net CFC tested income” to mirror the name change recently enacted by federal law.





Changes applicable to tax years beginning 2026

Dirigo business incentives tax credit – data centers excluded

- A data center that begins operations on or after August 1, 2026, may not be certified by DECD as a qualified business for purposes of the Dirigo business incentives credit.





Changes applicable to tax years beginning 2026

Dirigo business incentives tax credit – data centers excluded

- "Data center" means any facility in the State, which may be a freestanding structure or a facility within a larger structure, that primarily contains electronic equipment used for data processing, data storage, cloud computing, or similar computing infrastructure services that uses environmental control equipment to maintain the proper conditions for the operation of electronic equipment.



2026 Income/Estate Tax Updates



Changes applicable to tax years beginning 2026

Dirigo business incentives tax credit – data centers excluded

- "Data center" does not include a facility or portion of a facility containing electronic equipment that is incidental to and used in support of a business whose primary business activity is not the performance of data processing, data storage, cloud computing, or similar computing infrastructure services.





Changes applicable to tax years beginning 2026

Dirigo business incentives tax credit – data centers excluded

- "Begins operations" means that the data center has installed operational computer and networking equipment and is performing data processing, data storage, cloud computing, or similar computing infrastructure services.
- "Begins operations" does not include construction, site preparation, or equipment installation.



Topic Overview

Changes applicable to tax years beginning 2027

- Certain gains derived from opportunity zone investments
- Basis increase associated with opportunity zone investments
- Dental care access credit



Changes applicable to tax years beginning 2027

Certain gains derived from opportunity zone investments - income addition modification

- Required for the amount of gain excluded from federal gross income under the Code, Section 1400Z-2(a) with respect to amounts invested in a qualified opportunity zone after December 31, 2026.





Changes applicable to tax years beginning 2027

Certain gains derived from opportunity zone investments – income addition modification

- Generally, under federal Public Law 119-21, any gain from the sale or exchange of property may, after 2026 and at the election of the taxpayer, be invested in a qualified opportunity fund and the recognition of the gain for tax purposes may be deferred until the earliest of:
 - the date the investment is sold or exchanged, or
 - five years after the date the investment in the fund was made.

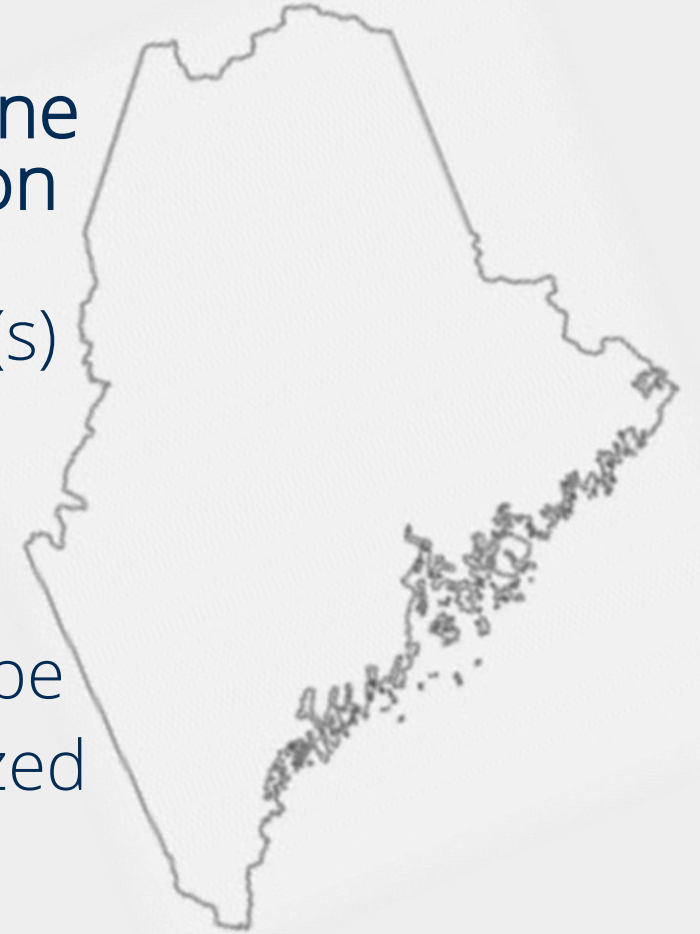




Changes applicable to tax years beginning 2027

Certain gains derived from opportunity zone investments – income addition modification

- For federal income tax purposes, the gain(s) may be deferred. See 36 M.R.S. §§ 5122(1)(SS) and 5200-A(1)(NN).
- Amounts required to be added back may be recaptured at the time the gain is recognized on a federal income tax return.





Changes applicable to tax years beginning 2027

Basis increase associated with opportunity zone investments

- Upon the sale of property acquired after December 31, 2026, an income addition modification is required equal to the amount of the increase in basis made by the taxpayer pursuant to the Code, Section 1400Z-2(b)(2)(B)(iii) or Section 1400Z-2(c).





Changes applicable to tax years beginning 2027

Basis increase associated with opportunity zone investments

- Generally, under federal Public Law 119-21, for opportunity zone investments held for at least five years, the taxpayer may increase the investment basis by 10% of the gain deferred (30% if the investment is in a qualified rural opportunity fund).





Changes applicable to tax years beginning 2027

Basis increase associated with opportunity zone investments

- For investments held for at least 10 years, the basis may be increased up to an amount equal to the fair market value of the investment on the date sold or exchanged (or, if the date sold or exchanged is 30 or more years after the date of investment, up to the fair market value of the investment on the date that is 30 years after the date the investment was made).





Changes applicable to tax years beginning 2027

Dental care access credit

- Eligible dentists licensed after 2026 may qualify for a non-refundable credit for up to 5 years.
- **Maximum Credit:** \$6,000 in the first year of eligibility; \$9,000 in the second year; \$12,000 in the third year; \$15,000 in the fourth year; and \$18,000 in the fifth year.
- The credit may be claimed in the first year that the dentist meets the conditions of eligibility for at least 6 months.





Changes applicable to tax years beginning 2027

Dental care access credit

- An eligible dentist must be certified by the Maine oral health program, and
 - first begin practicing dentistry in Maine by joining an existing dental practice in an underserved area, or
 - establish a new dental practice in an underserved area, or
 - purchase an existing dental practice in an underserved area; and





Changes applicable to tax years beginning 2027

Dental care access credit

- be enrolled as a MaineCare provider and serve a patient panel consisting of at least 15% MaineCare members; and
- agree to practice in an underserved area full-time for at least 5 years.





Changes applicable to tax years beginning 2027

Dental care access credit

- “Underserved area” means an area in Maine that is a dental health professional shortage area as defined by the federal Department of Health and Human Services, Health Resources and Services Administration.
- The credit is repealed on December 31, 2037.



Topic Overview

Changes applicable to tax years after 2027

- Sunset date of the affordable housing credit

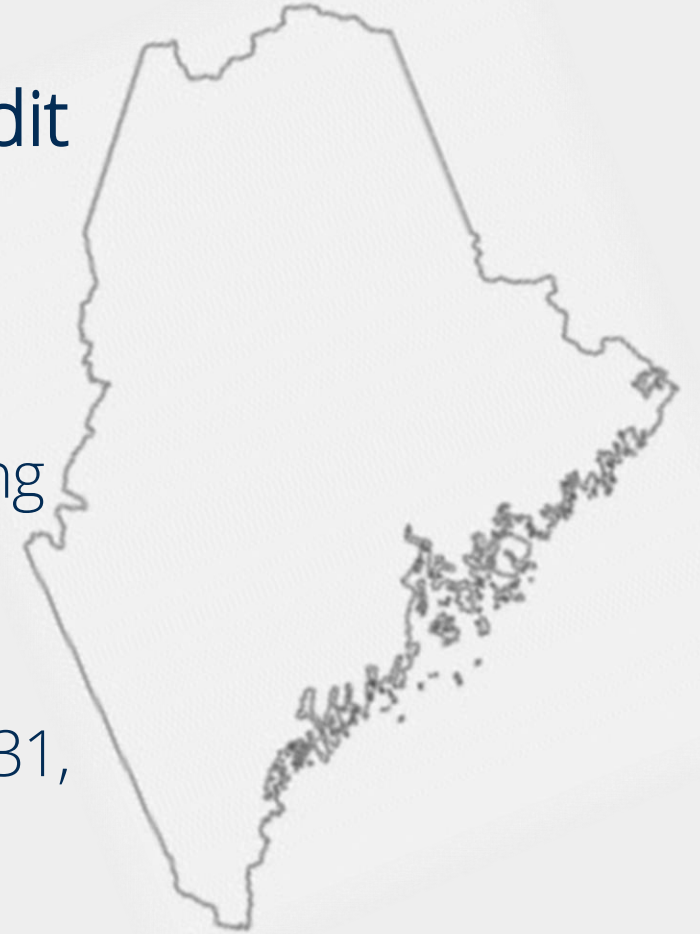
2026 Income/Estate Tax Updates



Changes applicable to tax years beginning after 2027

Sunset date of the affordable housing credit

- Maine State Housing Authority is authorized to:
 - make initial allocations of the affordable housing credit through December 31, 2036 (extended from December 31, 2028); and
 - reallocate unused allocations after December 31, 2036.





Complete 2026 Tax Law Changes:
[https://www.maine.gov/revenue/publications](https://www.maine.gov/revenue/publications/rules)
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Thank
You!

