



MAINE TAX ALERT

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IMPORTANT MRS Rules Changes

Maine Revenue Services has made many changes to agency rules since November 2006. Rules 203, 320, 322, 502, 701, 702 and 705 have all been repealed. New Rule 401 (Service Provider Tax -- Return and Payment of Tax) has been promulgated. The following rules have been amended since November, 2006: 202, 207, 301, 302, 308, 313, 318, 321, 323 and 806. The new rule and the amended rules are available on the MRS web site at: www.maine.gov/revenue/rules.

Additionally, Maine Revenue Services is in the process of drafting the following **Electronic Filing and Funds Transfer Mandates, which it expects to publicize through the formal Maine Administrative Procedures Act process in September.**

Proposed new Rule 104 affecting tax return preparers (“Electronic Filing of Maine Tax Returns”) mandates electronic filing of certain Maine tax returns if specified thresholds are exceeded. A phase-in approach is being proposed with respect to certain returns filed on or after January 1, 2008. The rule being drafted would apply to original Maine individual income, sales, use, service provider and income tax withholding returns, but would not include amended versions of those returns. The rule will include provisions for the State Tax Assessor to waive the requirement to file electronically where this causes undue hardship.

Amendment to Rule 102 (“Electronic Funds Transfer”). This rule was adopted in 1998. Maine Revenue Services is proposing an amendment which covers the remittance of taxes by electronic transfer for certain large taxpayers. Effective January 1, 2008, EFT thresholds would be based on the taxpayer’s *combined* tax liability to the state for Maine sales tax, corporate income tax and Maine income withholding. In addition, a lower threshold triggering the EFT requirement would apply.

Maine Residents Property Tax and Rent Refund “Circuit Breaker” Program

The Maine Residents Property Tax and Rent Refund “Circuit Breaker” Program began on August 1, 2007. Applications for refunds of property tax assessed or rent paid during 2006 will be accepted through June 2, 2008. The **General** portion of the program provides refunds of up

to **\$2,000** to persons of any age whose household income for 2006 was not more than \$80,750 for single-member households and not more than \$105,750 for those who lived with a spouse or dependent(s). To qualify for a refund, the 2006 property tax must be more than 4 percent of household income or the rent paid must be more than 20 percent of household income.

Senior program refunds are available to applicants who were at least 62 in 2006 (55 or over if disabled). In addition, for persons living alone, the household income for 2006 cannot be more than \$13,200; for a single person living with a dependent, or a married person who lived with a spouse, the 2006 household income cannot be more than \$16,300.

Applicants who qualify for both the Senior and General refunds will receive the larger of the two.

Applications may be filed by computer using I-file at www.maine.gov/revenue/netfile/TNRIfile.htm (see page 10 of the booklet). Applications may also be filed by mail.

Application booklets have been mailed to individuals who submitted applications for last year's program, and have been sent to Municipal Offices, Area Agencies on Aging, Community Action Agencies, Pine Tree Legal offices, Bureau of Elder and Adult Services, DHHS District Offices, Health Clinics, Career Centers, Public Libraries and Adult Education locations. Booklets may be downloaded at www.maine.gov/revenue/forms/tnr/tnr.htm and can also be ordered by calling the Maine Revenue Services forms line at (207) 624-7894.

Maine Residents Property Tax and Rent Refund "Circuit Breaker" Program – Refund Calculation

Refunds from the Circuit Breaker Program are calculated for all applicants by MRS. An explanation of how the benefit is calculated is included on pages 4 and 5 of the application booklet (see www.maine.gov/revenue/forms/tnr/tnr.htm). The refund is equal to 50% of the benefit base that is more than 4% of household income, but not more than 8% of household income, plus 100% of the benefit base that is more than 8% of household income. (*NOTE: The benefit base up to 4% of household income is not included in the refund calculation.*) The maximum refund is \$2,000.

Total "household income" is the income received by all members of the household during 2006. For more information on household income, see pages 7 through 9 of the application booklet.

The "benefit base" is the amount of property tax based on the April 1, 2006 assessment on the house and house lot (up to 10 acres) and/or 20% of the total rent paid in 2006 for the right of occupancy. NOTE: If the rent paid included heat, the total rent must be reduced by 15%. Additionally, the benefit base must be reduced if any part of the home was rented out to others or used for business purposes. For more information, see instructions for lines 4 and 5 of the application on pages 6 and 7 of the booklet.

Business Equipment Tax Reimbursement Program

The application period for the Business Equipment Tax Reimbursement program (BETR) began August 1, 2007. The purpose of the BETR program is to encourage new capital investment in Maine. The program reimburses local property taxes paid on most qualified business property. Qualified business property must have been first placed in service in Maine after April 1, 1995. An annual application must be filed between August 1, 2007 and January 2, 2008 for eligible property taxes paid during calendar year 2006.

BETR application booklets are now available and have been mailed to businesses that have previously applied for reimbursement. Booklets are also available at most municipal offices. Downloadable versions of the forms and instructions have been posted to the MRS web site at www.maine.gov/revenue/forms. Other businesses wanting to take advantage of the program can order the application by calling the forms line at (207) 624-7894.

2007 Maine Tax Forum

Maine Revenue Services is pleased to announce that the 11th Annual Maine Tax Forum is scheduled for November 7 and 8, 2007 at the Augusta Civic Center. The Tax Forum is hosted by Maine Revenue Services, the Internal Revenue Service and Thomas College.

On November 7, members of the Taxation Committee (123rd Legislature, 1st Session) will provide an overview of recent legislative activity. On November 8, Risa Williams, Esq., Editor In Chief, State Tax Publications, *Tax Analysts* is scheduled to be the Keynote Speaker and Daniel E. Wathen, Retired Chief Justice, will make a presentation on Ethics. Other forum topics include: Federal Income Tax Developments; Maine Income, Sales & Property Tax Developments; Estate Tax; Case Law; College Tax Incentives; Non-Profits; and Elderly Tax Issues.

The Tax Forum provides CLE credits. CPE credits are also available to CPAs, EAs and accountants.

Seating for the Maine Tax Forum is limited, so register now with downloadable registration forms available on the Maine Revenue Services web site at www.maine.gov/revenue.

2007 Employment Tax Seminar

The 4th Annual Employment Tax Seminar, hosted by Maine Revenue Services is scheduled for November 28, 2007 at the Augusta Civic Center. This one day seminar is designed for payroll professionals, human resource personnel, CPAs, accountants, controllers, business and office managers, CFOs, finance directors and bookkeepers. The Seminar provides CPE credits.

Seating for the Employment Tax Seminar is limited, so register now with downloadable registration forms available on the Maine Revenue Services web site at www.maine.gov/revenue.

MESSAGES FROM THE INTERNAL REVENUE SERVICE

Tax Exempt Organizations

[News Release IR-2007-129](#) discusses new reporting requirements for tax exempt organizations with gross receipts normally less than \$25,000. Previously small, tax exempt organizations were not required to file an annual return with the IRS. Under new requirements, an organization that fails to file an “ePostcard” for three consecutive years will have its tax exempt status revoked.

IRS Starts e-Newsletter Just for Small Businesses

The IRS has started a new service, *e-News for Small Business*. Distributed every Wednesday, it brings timely, useful tax information right to your computer, including, but not limited to:

- Important, upcoming tax dates
- What’s new on the IRS Web site
- Reminders and tips to assist businesses with tax compliance
- IRS news releases and special IRS announcements

e-News’ convenient format will put IRS tax information at your fingertips. “Useful Links” brings you quickly to some of the most useful information on IRS.gov for large and small businesses and the self-employed.

To start your FREE subscription to e-News, just go to IRS.gov at www.irs.gov/businesses/small/content/0,,id=154826,00.html, type in your e-mail address and submit.

<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	
Appellate	(207) 624-9854	(207) 287-3294	
Central Registration	(207) 621-5129	(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
Economic Research	(207) 624-9789	(207) 287-3618	
E-file Help Desk (1040 ONLY)	(207) 624-9730	(207) 624-9740	efile.helpdesk@maine.gov
Electronic Funds Transfer	(207) 287-8276	(207) 287-6627	efunds.transfer@maine.gov
Estate Tax	(207) 626-8480	(207) 624-9694	estatetax@maine.gov
Fuel Tax	(207) 624-9609	(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) 624-9753	(207) 624-7729	
NexTalk (TTY Service)	(888) 577-6690		
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) 287-2013	(207) 287-6396	prop.tax@maine.gov
Public Communications	(207) 626-8478	(207) 624-9694	
Sales Tax	(207) 624-9693	(207) 287-6628	sales.tax@maine.gov
Tax Clearance Letters	(207) 624-9628	(207) 287-6627	
Taxpayer Advocate	(207) 624-9649	(207) 287-3618	taxpayer.advocate@maine.gov
Withholding Tax	(207) 626-8475	(207) 624-9694	withholding.tax@maine.gov
Tax Violations Hot Line	(207) 624-9600		

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

Suggestions for the Tax Alert?

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