



# MAINE TAX ALERT

A Publication of Maine Revenue Services for Tax Professionals

Volume 21, No. 9

December, 2011

Public Communications Tel: (207) 626-8478

## LePage Administration Announces Reorganization of Maine Revenue Services

Governor Paul LePage announced November 30 a major reorganization of Maine Revenue Services, separating policy responsibilities from operational management.

“This reorganization will help ensure firm, fair, and consistent application of Maine’s tax laws,” said Governor LePage. “I want to thank Commissioner Millett and his team for putting this together.”

Under the reorganization, Dr. Michael Allen, the current Director of Research and Econometrics, would become the Associate Commissioner for Tax Policy, with responsibility for policy guidance, legislative relations, public relations, and research. He will report directly to Commissioner Sawin Millett. Jerome Gerard, Acting State Tax Assessor, will be appointed to the post permanently and continue responsibility for the day-to-day operations of Maine Revenue Services.

“I have a great deal of confidence in Jerome and Michael and their leadership skills. This reorganization will maximize their talent and effectiveness of Maine Revenue Services,” said Commissioner of Administrative and Financial Services Sawin Millett.

Other changes include:

- Elevation of the position of “Taxpayer Advocate” to directly report to the Commissioner, as passed by the Legislature in LD 1371;
- Consolidation of all audit functions into a single Audit Division, providing businesses a single point-of-contact during audits; and
- Placing the criminal unit and the civil investigations unit under single management.

All changes will occur within existing resources and are effective December 1<sup>st</sup>.

## Maine Revenue Services Rulemaking Activity

**Adopted Rule 110, “Requests for Advisory Rulings.”** Rule 110, which took effect on August 13, 2011, establishes specific requirements for advisory ruling requests. The rule provides that advisory ruling requests must state in writing the ruling requested (either in paper letter form or by email), and must include the following:

1. A statement of material facts;
2. The legal basis for the requested ruling;
3. A statement of whether the taxpayer is currently under MRS examination, audit, administrative reconsideration or judicial review with respect to the issue(s) raised by the request for an advisory ruling; and
4. A statement by the taxpayer or the taxpayer's authorized representative that is substantially in the following form:

“I declare that I have examined this request for an advisory ruling and to the best of my knowledge and belief the information presented in support of the requested ruling is true and complete.”

Taxpayers and taxpayer representatives may also submit copies of any relevant supporting documentation. Rule 110 may be seen on the MRS website at [www.maine.gov/revenue](http://www.maine.gov/revenue) (select Laws and Rules).

## 2011 Maine Tax Forms

### Availability of Forms

Most income tax forms for tax year 2011 have been posted to the Maine Revenue Services (MRS) website at [www.maine.gov/revenue/forms](http://www.maine.gov/revenue/forms). All downloadable forms posted on the MRS website are suitable for printing and filing with the bureau.

Form 2333ME for ordering 2011 tax forms is now available at [www.maine.gov/revenue/forms/orderhome.html](http://www.maine.gov/revenue/forms/orderhome.html). A printed version of Form 2333ME is also available by calling (207) 624-7894.

### Guidance Materials

The Income/Estate Tax Division has updated instructional material for taxpayers and tax professionals including guidance documents and frequently asked questions relative to the various tax types on the MRS web site.

### Individual and Corporate Income Tax Booklets

Significant changes to the 2011 individual and corporate income tax forms include:

- A line has been added for the Refundable portion of the Rehabilitation of historic properties after 2007 tax credit (Form 1040ME, line 28c);
- A new addition modification for the Maine Capital Investment Credit Bonus Depreciation Add-back. (Form 1040ME, Schedule 1, line 1d and Form 1120ME, line 4e);
- A new subtraction modification for military annuity payments made to a survivor of a deceased member of the military as a result of service in the active or reserve components of the U.S. armed services under a survivor benefit plan or reserve component survivor benefit plan in accordance with 10 USC, Chapter 73 (Form 1040ME, Schedule 1, line 2k); and
- A tax credit has been added to claim the Maine Capital Investment Tax Credit (Form

1040ME, Schedule A, line 11 and Form 1120ME, Schedule C, line 29f)

In addition, Maine and federal net operating loss carryover deductions are not allowed for Maine tax purposes for tax years beginning in 2009, 2010 and 2011. The Maine subtraction modification line to recapture NOL deductions previously disallowed has been removed and will not appear on Maine tax forms for 2009, 2010 and 2011. The disallowance of NOL deductions in 2009, 2010 and 2011 may be recaptured through subtraction modifications that will be allowed for tax years beginning after 2011. The recapture must be made during the federal carryover period plus the number of years the NOL deduction was disallowed.

For more information on these and other changes, see specific line instructions and the 2011 summary of legislative changes at [www.maine.gov/revenue/](http://www.maine.gov/revenue/).

## 2012 Individual Income Tax Estimated Tax Payment Vouchers

To save printing and mailing costs and to keep pace with electronic filing, Maine Revenue Services will not mail 2012 individual income tax estimated tax payment vouchers (Form 1040ES-ME) directly to taxpayers. Recent data indicates that a significant number of those paying quarterly estimated tax payments utilize Maine EZ-Pay or tax software to print and/or file their quarterly estimated tax payments.

During January, 2012, postcards will be mailed to taxpayers to remind them of the options available for submitting estimated tax payments.

Vouchers may be downloaded from the Maine Revenue Services website at [www.maine.gov/revenue/forms](http://www.maine.gov/revenue/forms) and submitted with mailed payments. Taxpayers that want to continue using printed forms may call the forms line (207) 624-9694 to order the forms.

## IRS Email, Phishing and Identity Theft Scams

The Internal Revenue Service (IRS) periodically publishes updates regarding new email, phishing and identity theft scams to beware of. Information on the latest scams and trickery and IRS policies can be found by following this link: [www.irs.gov/newsroom/article/0,,id=155682,00.html](http://www.irs.gov/newsroom/article/0,,id=155682,00.html).

Maine Revenue Services does not send or solicit confidential taxpayer information via email. Confidential taxpayer information includes, but is not limited to, social security numbers, tax ID numbers, addresses, and balances or refunds due. Replies to taxpayer email requests for confidential information are generally sent through the mail to the address that is on the bureau database for that taxpayer.

## Education Opportunity Credit

The Credit for Educational Opportunity, **36 MRSA §5217-D**, is available to qualified taxpayers and employers making eligible education loan payments on behalf of qualifying graduates for tax

years beginning after 2007. The credit is based on the actual loan payments made by the taxpayer during the tax year. The credit is nonrefundable. Unused credits may be carried over for up to 10 tax years. If eligible, both spouses on a married-joint return may claim the credit.

The credit is claimed by individuals (including individuals who are owners of eligible pass-through entity employers) on Form 1040ME, Schedule A, line 10. For corporations (including corporations who are owners of eligible pass-through entity employers), the credit is claimed on Form 1120ME, Schedule C, line 29l. Worksheets to calculate the credit are available to individuals and employers either in print upon request or on the Maine Revenue Services website at [www.maine.gov/revenue/forms](http://www.maine.gov/revenue/forms).

Additionally, **36 MRSA §5122, sub-§2, ¶FF** exempts from Maine income tax student loan payments made by the qualified taxpayer's employer that are included in the taxpayer's federal adjusted gross income for tax years beginning on or after January 1, 2010. See Form 1040ME, Schedule 1, line 2k.

## Maine Revenue Services Criminal Tax Cases

### **Millbridge Man Sentenced for Failure to File Maine Income Taxes**

Attorney General William J. Schneider announced that Aaron Doherty, 51, of Millbridge was convicted following his pleas of guilty to three felony counts of Failure to Make and File Maine Income Tax Returns for tax years 2005 through 2007.

Doherty was previously convicted on October 24, 2005 for the same conduct for tax years 1999 through 2004.

Cumberland County Superior Court Justice Thomas Warren sentenced Doherty to two years with all but five months suspended and two years of probation. Doherty was ordered to repay \$31,637 in restitution. This includes restitution from the new convictions, tax money still remaining unpaid from the older convictions, and additional tax money due for years 2008 and 2009.

Doherty is a commercial fisherman who has a long history of failing to file and pay Maine income taxes. After being convicted in 2005, Doherty paid little of the back taxes he owed. The State sought to enforce the restitution order from the 2005 convictions and due to Doherty's continued lack of cooperation sought and obtained an indictment for the new felony charges.

"All Maine taxpayers bear the responsibility for paying their fair share under state tax laws," said Attorney General Schneider. "Individuals cannot repeatedly fail to file and pay income taxes and ignore their obligations to pay back taxes even after they have been convicted of income tax crimes."

This case was investigated by the Maine Revenue Services' Criminal Investigations Unit. Assistant Attorney General Gregg D. Bernstein handled this matter for Attorney General Schneider's Criminal Division.

<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) 287-3618	
Central Registration	(207) 621-5129	(207) 287-3733	<a href="mailto:division.uctax@maine.gov">division.uctax@maine.gov</a>
Collections & Compliance	(207) 624-9595	(207) 287-6627	<a href="mailto:compliance.tax@maine.gov">compliance.tax@maine.gov</a>
Corporate Tax	(207) 624-9670	(207) 624-9694	<a href="mailto:corporate.tax@maine.gov">corporate.tax@maine.gov</a>
Economic Research	(207) 624-9789	(207) 287-3618	
E-file Help Desk (1040 ONLY)	(207) 624-9730	(207) 287-6628	<a href="mailto:efile.helpdesk@maine.gov">efile.helpdesk@maine.gov</a>
Electronic Funds Transfer	(207) 287-8276	(207) 287-6975	<a href="mailto:efunds.transfer@maine.gov">efunds.transfer@maine.gov</a>
Estate & Fiduciary Tax	(207) 626-8480	(207) 624-9694	<a href="mailto:estatetax@maine.gov">estatetax@maine.gov</a>
Fuel Tax	(207) 624-9609	(207) 287-6628	<a href="mailto:fuel.tax@maine.gov">fuel.tax@maine.gov</a>
Forms Request Line	(207) 624-7894		
Income Tax Assistance	(207) 626-8475	(207) 624-9694	<a href="mailto:income.tax@maine.gov">income.tax@maine.gov</a>
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	<a href="mailto:compliance.tax@maine.gov">compliance.tax@maine.gov</a>
Payment Plan/Other	(207) 624-9595	(207) 287-6627	<a href="mailto:compliance.tax@maine.gov">compliance.tax@maine.gov</a>
Practitioners' Hotline	(207) 626-8458	(207) 624-9694	
Property Tax	(207) 287-2013	(207) 287-6396	<a href="mailto:prop.tax@maine.gov">prop.tax@maine.gov</a>
Public Communications	(207) 626-8478	(207) 624-9694	
Sales Tax	(207) 624-9693	(207) 287-6628	<a href="mailto:sales.tax@maine.gov">sales.tax@maine.gov</a>
Tax Clearance Letters	(207) 624-9628	(207) 287-6627	
Taxpayer Advocate	(207) 624-9649	(207) 287-3618	<a href="mailto:taxpayer.advocate@maine.gov">taxpayer.advocate@maine.gov</a>
Withholding Tax	(207) 626-8475	(207) 624-9694	<a href="mailto:withholding.tax@maine.gov">withholding.tax@maine.gov</a>
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.

Suggestions for the Tax Alert?

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