



# MAINE TAX ALERT

A Publication of Maine Revenue Services for Tax Professionals

Volume 17, No. 7

October, 2007

Public Communications Tel: (207) 626-8478

## Maine Revenue Services Rulemaking Activity

Three MRS rulemaking proposals are currently in process mandating electronic filing of Maine tax returns and remittance of taxes via electronic funds transfer if specified thresholds are exceeded. The proposed rules and amendments may be seen on the MRS web site at [www.maine.gov/revenue](http://www.maine.gov/revenue) (select Laws and Rules). The formal public comment deadline on the proposed changes is November 30, 2007. Written comments should be directed to Nanette Ardry, 24 State House Station, Augusta, ME 04333 or via e-mail to [nanette.m.ardry@maine.gov](mailto:nanette.m.ardry@maine.gov).

- **New Rule 104 - Electronic Filing of Maine Tax Returns**

MRS is proposing to adopt new Rule 104, which 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.

If the number of original Maine individual income tax returns prepared by a preparer is more than 200 in calendar year 2007, then the requirement to file electronically would be 85% of returns prepared in 2008. For sales, use and service provider taxes, if the tax liability for any one of these taxes exceeds \$200,000 for the 12-month period ending September 30, 2007, then the electronic filing requirement would apply in calendar year 2008. For income tax withholding, the proposed threshold for mandatory electronic filing in calendar year 2008 would be 75 or more employees, or in the case of third party filers and payroll processors, 75 or more (client) employers. Lower thresholds apply for years after 2008. For a more detailed summary of proposed Rule 104, see [www.maine.gov/revenue/publications/alerts/2007/2007oct.htm](http://www.maine.gov/revenue/publications/alerts/2007/2007oct.htm).

The rule includes provisions for the State Tax Assessor to waive the requirement to file electronically where this causes undue hardship. Requests for waivers relating to individual income tax and income tax withholding returns should be directed to Dennis Doiron via email to [dennis.m.doiron@maine.gov](mailto:dennis.m.doiron@maine.gov). Requests for waivers relating to sales, use and service provider tax returns should be directed to Peter Beaulieu via email to [peter.b.beaulieu@maine.gov](mailto:peter.b.beaulieu@maine.gov).

- **Amendments to Rule 102 - Electronic Funds Transfer**

MRS is proposing amendments to Rule 102, relating to requirements to remit taxes via electronic funds transfer. Effective January 1, 2008, EFT thresholds would be based on the taxpayer's *combined* tax liability to the state for all taxes collected by MRS, except

property taxes and commercial forestry excise taxes. Also effective January 1, 2008, taxpayers having a total combined tax liability of \$100,000 or more during lookback periods ending in 2007 would be required to remit taxes via EFT. Effective January 1, 2009, the EFT threshold would be reduced to \$50,000 and, for years after 2009, the threshold would be \$25,000. For more information, see [www.maine.gov/revenue/publications/alerts/2007/2007oct.htm](http://www.maine.gov/revenue/publications/alerts/2007/2007oct.htm).

- **Amendments to Rule 803 - Withholding Tax Reports and Payments**

MRS proposes technical changes to Rule 803 to accommodate proposed new Rule 104 and proposed amendments to Rule 102.

Additionally, Maine Revenue Service is proposing amendments to Rules 101 ("Calculation of Interest") and 103 ("Recordkeeping and Retention").

- **Rule 101** will be amended to reflect the continuation of the current annual interest rate of 12% through calendar year 2008.
- **Rule 103** has been in place since January 2006 and is based on the Model Recordkeeping and Retention Regulation Adopted by the Multistate Tax Commission on January 15, 1998. The current proposal is to make some minor formatting changes in the rule and to clarify the provisions of the rule that pertain to electronic recordkeeping, including the fact that electronic records must be kept for as long as is required by Title 36 section 135(1) (in the case of sales tax, at least 6 years).

The proposed changes to Rules 101 and 103 may be seen on the MRS web site. Comments on these rules are due by December 3, 2007 and should be directed to David Bauer, Esq., Tax Policy Analyst, State House Station 24, Augusta, ME 04333 or by e-mail to [david.e.bauer@maine.gov](mailto:david.e.bauer@maine.gov).

<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	
Collections & Compliance	(207) 624-9595	(207) 287-6627	<a href="mailto:division.uctax@maine.gov">division.uctax@maine.gov</a> <a href="mailto:compliance.tax@maine.gov">compliance.tax@maine.gov</a> <a href="mailto:corporate.tax@maine.gov">corporate.tax@maine.gov</a>
Corporate Tax	(207) 624-9670	(207) 624-9694	
Economic Research	(207) 624-9789	(207) 287-3618	
E-file Help Desk (1040 ONLY)	(207) 624-9730	(207) 624-9740	<a href="mailto:efile.helpdesk@maine.gov">efile.helpdesk@maine.gov</a>
Electronic Funds Transfer	(207) 287-8276	(207) 287-6627	<a href="mailto:efunds.transfer@maine.gov">efunds.transfer@maine.gov</a>
Estate 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	(207) 622-3517	
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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