



# MAINE TAX ALERT

A Publication of Maine Revenue Services (“MRS”) for Tax Professionals

Volume 33, Issue 10

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## Important Updates Affecting Taxable Years Beginning in 2023

### Nonadmitted Insurance Premiums Tax

Prior Maine law (P.L. 2021, c. 630) that applied a retaliatory tax to nonadmitted insurance premiums for taxable years beginning on or after January 1, 2023 has been repealed (P.L. 2023, c. 372). The tax rate under the repealed law was the greater of 3% and the highest rate of taxation in the jurisdiction where the insurance company is incorporated. The tax rate under the law as amended for taxable years beginning on or after January 1, 2023 is 3% of the premiums subject to Maine tax.

Affected Maine taxpayers (licensed producers and self-procured persons/entities) should review their 2023 Maine estimated tax liability and, if applicable, make an adjustment to the final estimated tax payment due on October 31, 2023. The 2023 tax liability and the estimated tax paid will be reconciled on 2023 Maine Form INS-7 (Self-Procured & Surplus Lines Annual Reconciliation / Return) due March 15, 2024.

### Pass-through Entity Composite Filing – New Form 1040C-ME

For tax years beginning on or after January 1, 2023, pass-through entities filing Maine composite income tax returns on behalf of nonresident partners/shareholders must use the **new Form 1040C-ME and related schedules**. Affected entities may no longer use Maine individual income tax Form 1040ME to file a composite return. The 2023 Maine composite income tax returns are due April 15, 2024 for calendar year filers.

Beginning in January 2024, taxpayers will be able to file 2023 Form 1040C-ME electronically using the Maine Tax Portal. The Maine Tax Portal allows entities and authorized third parties to register to file tax returns, make payments, view bills and notices, and perform online account maintenance activities, such as, adding or removing addresses and closing an account. For more information, see [revenue.maine.gov](https://revenue.maine.gov).

## Limitations on Requests for Reconsideration to the Maine Board of Tax Appeals (\$1,000 to \$500,000)

Effective October 25, 2023, the filing of a statement of appeal with the Maine Board of Tax Appeals is limited to controversies of tax or refund requests that are more than \$1,000, but now also less than \$500,000 (P.L. 2023, c. 412). The new \$500,000 limit applies to the amount of tax or refund request in controversy at the time a petition for reconsideration is submitted to MRS on or after October 25, 2023. Appeals of \$500,000 or more may still be made directly to the Maine Superior Court.

## **Requirement to File Maine Amended Income Tax Returns Due to Change or Correction to the Credit for Tax Paid to Other Jurisdiction**

As previously announced in the February, 2023 Maine Tax Alert, a taxpayer is required to amend a Maine income tax return “whenever for any reason there is a change or correction affecting the taxpayer’s liability” (36 M.R.S. § 5227-A(1)). The amended return is due within 180 days of the final determination date of the change or correction (36 M.R.S. § 5227-A(2)).

This requirement applies to a Maine resident taxpayer that has income sourced to another state and has claimed the Maine credit for income tax paid to other jurisdiction (“OJ credit”) under 36 M.R.S. § 5217-A on that income and the tax liability upon which the Maine OJ credit is based has been changed or corrected.

For example, the State of Massachusetts recently reduced the 2021 Massachusetts income tax liability of resident and nonresident income tax taxpayers as required by the Massachusetts General Laws, Chapter 62F, available at [www.mass.gov/info-details/chapter-62f-taxpayer-refunds](http://www.mass.gov/info-details/chapter-62f-taxpayer-refunds). For certain Maine residents that have income that is sourced to Massachusetts under Maine law, this reduction in the 2021 Massachusetts income tax liability may also affect the amount of the taxpayer’s 2021 Maine OJ credit, if claimed, resulting in the requirement to file a 2021 Maine amended income tax return.

A taxpayer affected by the example noted above may request MRS to abate any interest and penalties that would otherwise apply if the taxpayer, within the 180-day period, both (1) file the Maine amended return and (2) pay the additional Maine tax due.

Tax return preparers whose clients have been affected by this issue may submit a list of the affected client name(s) and SSN(s) to [incometax29.MRS@maine.gov](mailto:incometax29.MRS@maine.gov). Upon verification, MRS will expedite the abatement of any related interest and penalties. Taxpayers with questions about their Maine income taxes are encouraged to contact MRS at (207) 626-8475.

## **Forms W-2 and Forms 1099 Information Statements Electronic Filing Requirements Beginning 2024**

MRS Rule 803, “Income Tax Withholding Reports and Payments,” Section .07(E), requires employers and payers that are required to electronically file (e-file) federal Forms W-2 with the Social Security Administration or federal Forms 1099 with the Internal Revenue Service (“IRS”) to also file these forms electronically with MRS.

On February 23, 2023, the U.S. Department of the Treasury issued final regulations (T.D. 9972) that reduced the thresholds for filing certain information returns and other documents that are required to be filed electronically from 250 forms to 10. The new federal (10-return) threshold applies, in aggregate, for almost all federal information return types, including federal Forms W-2 and Forms 1099, beginning in 2024. A summary and link to the final regulations are available here: [www.irs.gov/newsroom/irs-and-treasury-issue-final-regulations-on-e-file-for-businesses](http://www.irs.gov/newsroom/irs-and-treasury-issue-final-regulations-on-e-file-for-businesses). Beginning with tax forms required to be filed with MRS in 2024, employers and payers that are required to file at least 10 federal Forms W-2 and Forms 1099, in aggregate, must file the forms electronically with

MRS using the Maine Tax Portal at [revenue.maine.gov](https://revenue.maine.gov) or, if applicable, via the Combined Federal/State Filing Program.

MRS Rule 803 is available at [www.maine.gov/revenue/publications/rules](https://www.maine.gov/revenue/publications/rules).

## Maine Tax Portal, Free Training Available

Register now for a free tax portal training session from MRS, where you'll learn:

- When you can begin using the Maine Tax Portal
- Exciting new features to make filing, paying, and managing state taxes faster and more convenient than ever
- How to create a login
- How to register if you're paying taxes in Maine for the first time
- How to set up account access between you and your business tax professional

Sign up for our webinar at [www.maine.gov/revenue/Fall2023WebinarSchedule](https://www.maine.gov/revenue/Fall2023WebinarSchedule).

### Free Training Webinars

You only need to attend one seminar for the topic that's relevant to the taxes you pay. Each session is approximately 90 minutes in duration.

#### Individual Income Tax

Thursday, September 21, 2023	2pm
Thursday, September 28, 2023	10am
Thursday, October 5, 2023	2pm
Thursday, October 12, 2023	10am
Thursday, January 18, 2024	10am
Thursday, February 1, 2024	2pm
Thursday, February 15, 2024	10am
Thursday, February 29, 2024	2pm
Thursday, March 14, 2024	10am
Thursday, March 28, 2024	2pm
Thursday, April 11, 2024	10am

#### Cigarette and Tobacco Tax

Thursday, September 7, 2023	10am
Thursday, September 14, 2023	2pm
Thursday, November 2, 2023	2pm

#### Telecommunication Excise Tax (TELCOM)

Monday, October 2, 2023	2pm
Wednesday, October 4, 2023	10am

#### Hospital Tax

Thursday, November 2, 2023	10am
Thursday, November 9, 2023	2pm

#### Commercial Forestry Excise Tax (CFET)

Monday, September 25, 2023	10am
Wednesday, September 27, 2023	2pm

#### Fiduciary Income Tax

Thursday, September 21, 2023	10am
Thursday, September 28, 2023	2pm
Thursday, October 5, 2023	10am
Thursday, October 12, 2023	2pm

#### Initiator of Deposit (IOD) and Milk

Wednesday, September 27, 2023	10am
Wednesday, October 4, 2023	2pm
Thursday, November 9, 2023	10am

#### Municipal Valuation Return (MVR)

Monday, September 25, 2023	2pm
Monday, October 2, 2023	10am

## **2023 State Tax Symposium**

*How will the latest State tax changes impact you?*

*Taxpayers, Tax Professionals, Accountants, and Attorneys*

Registration is now open for the  
2023 State Tax Symposium  
Presented by Maine Revenue Services

[Click Here to Register Now!](#)

### **Event Details**

- **Webinar for State of Maine tax updates and agency highlights**
  - **Wednesday, September 20, 2023 (8:00am – 5:00pm)**
  - **Conducted through the Zoom virtual platform**
  - **9.5 hours of CPEs and 8.0 hours CLEs will be available\***
- **Attendees will earn CPE/CLE credits for each completed session**
  - **Attendance fee only \$10 (non-refundable)**

[Click here to view the brochure and find out more  
Maine.gov/revenue/symposium](#)

Please forward questions to Michael Fortin at [compliance.tax@maine.gov](mailto:compliance.tax@maine.gov).

\*The Symposium does not qualify for IRS CE Credits for Enrolled Agents.

## **2023 Maine Tax Practitioner Institute and 2023 Maine Tax Forum** (presented by SCORE Maine)

SCORE Maine presents two annual educational programs that provide tax preparers, enrolled agents, CPAs, and legal professionals with updated information about annual changes in Maine and Federal tax laws. The Tax Practitioner Institute (TPI) and the Maine Tax Forum (MTF) both provide continuing education credits.

**The Tax Practitioner Institute** will be held on Wednesday, October 25th, 2023. Register today at <https://tinyurl.com/2hz96793>.

The **2023 Maine Tax Forum** will be held on Wednesday and Thursday, November 8th and 9th, 2023. Register today at <https://tinyurl.com/mry32nar>.

Due to overwhelming feedback from last years' events, SCORE Maine has decided to again offer these programs as live virtual events in 2023. SCORE Maine is also pleased to offer a new and more user-friendly registration and learning interface that attendees will find enhances the overall experience.

## **Careers and Internships at MRS**

MRS's mission is to fairly and efficiently administer the State's tax laws with integrity and professionalism.

MRS is looking for smart, motivated, and team-oriented people to join our team. Benefits include:

- Qualifying employer for federal student loan forgiveness
- Tuition reimbursement for continuing education (including CPA exam)
- Public service
- Competitive salary
- MainePERS retirement plan and deferred compensation
- Generous insurance and paid leave (including all state holidays)
- Flexible spending accounts and longevity pay
- Gym membership reimbursement

Regularly posted, full-time positions at MRS include the Tax Examiner and Revenue Agent positions. Click the following link for more information about these positions:

<https://apps.web.maine.gov/cgi-bin/bhrssalary/jobs.pl>.

Click the following link for more information about careers and paid internships and to sign up to receive notifications of new MRS job openings: [www.maine.gov/revenue/careers](http://www.maine.gov/revenue/careers).

**MRS Contact Information:**

A complete list of MRS contact information is available at [www.maine.gov/revenue](http://www.maine.gov/revenue).

**Collections and Compliance (payment arrangements and payment plan options).**

Call 8:00 am to 5:00 pm:

- Income tax (Maine): (207) 621-4300
- (outside Maine): (800) 987-7735
- Other taxes: (207) 624-9595

Email: [compliance.tax@maine.gov](mailto:compliance.tax@maine.gov)

**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?

**Please contact:**

**Maine Revenue Services**

**PO Box 1060**

**Augusta, Maine 04332-1060**