



# MAINE TAX ALERT

A Publication of Maine Revenue Services for Tax Professionals

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## Maine Revenue Services (“MRS”) Provides Taxpayer Guidance, Opens e-File

MRS has published a [Taxpayer Guide](#) for the 2021 filing season. Note that this guidance may be updated as the tax season continues.

MRS will begin accepting e-file returns on February 12, 2021. Filing electronically is the most convenient and efficient way for taxpayers to file their Maine tax return. Taxpayers may file electronically using Maine I-file available at [www.maine.gov/revenue](http://www.maine.gov/revenue) or via e-file, a service available through commercial tax preparation software programs. Maine EZ Pay electronic payment options are also available. Taxpayers may also file 2020 Maine income tax returns on paper.

## MRS Rulemaking Activity

**Rule 812, “Credit for Educational Opportunity.”** Effective January 28, 2021, Rule 812 is adopted. MRS has updated the criteria for determining which degrees will be considered Science, Technology, Engineering, and Mathematics (“STEM”) for refundability of the Credit for Educational Opportunity (“Credit”). For Bachelor’s and graduate degrees that are awarded simultaneously, MRS has clarified how qualifying taxpayers should apportion tuition and fees to each degree when calculating the Credit. The changes previously adopted by emergency Rule 812, effective October 21, 2020, regarding payments made while in forbearance or deferment, have also been made permanent. Lastly, MRS has added a new definition of “regional accrediting association” for purposes of defining “accredited non-Maine community college, college or university” in 36 M.R.S. § 5217-D(1)(A-1). The adopted rule can be found on MRS’ website, at [www.maine.gov/revenue/publications/rules](http://www.maine.gov/revenue/publications/rules), under “Income Tax.”

## MRS Additional Guidance

### Maine Taxable Income

Most income is taxable in Maine to the extent included in federal adjusted gross income. This includes, but is not limited to:

Unemployment Compensation

Maine unemployment compensation benefits, including any special unemployment compensation authorized under the federal *Coronavirus Aid, Relief, and Economic Security (CARES) Act*, are subject to Maine income tax to the extent the benefits are subject to federal income tax.

During January 2021, the Maine Department of Labor issued Forms 1099-G, Government Payments, to Maine unemployment compensation benefit recipients. The Form 1099-G reports the amount of unemployment compensation paid to the recipient during calendar year 2020 in Box 1. State income tax withheld, if any, is reported in Box 11. Taxpayers must report this information, along with any other income and withholding, on their federal and state income tax returns.

#### Federal and state grants and loan forgiveness

To the extent included in federal adjusted gross income and not otherwise exempt from taxation under Maine law, grants and loan forgiveness are taxable to Maine. This may include special programs authorized under the federal *CARES Act* and grants received through the Maine Department of Economic & Community Development.

For more information on taxable and nontaxable income, see Internal Revenue Service Publication 525 available at [www.irs.gov/](http://www.irs.gov/).

#### **Statutory Residency**

Certain individuals who are domiciled outside of Maine and who spent a significant amount of time in Maine may be taxed as a Maine resident if that individual is a statutory resident. A statutory resident is an individual who maintained a permanent place of abode in Maine for the entire tax year and spent more than 183 days of the year in the State (unless the individual is in the U.S. Armed Forces).

A permanent place of abode is not considered permanent if it is only maintained during a temporary stay in Maine for the accomplishment of a particular purpose. An individual who is domiciled outside of Maine but maintains a second home in Maine at which they stay during part of the year would not meet this exception, even during COVID-19. Therefore, an individual residing in a permanent place of abode in Maine for more than 183 days during the tax year would be considered a Maine statutory resident, even during COVID-19. For more information on statutory residence, and relevant credits for tax paid to another jurisdiction, see 36 M.R.S. § 5102(5)(B) and Maine Rule 807 available at [www.maine.gov/revenue/publications/rules](http://www.maine.gov/revenue/publications/rules).

#### **Sales Tax Nexus: Registration and Collection Duty Requirements**

Previously, in the October 2020 - #2 Maine Tax Alert, MRS announced that for sales occurring in 2020, MRS will not consider the presence of one or more employees in this State, who commenced working remotely from Maine during the state of emergency and due to the COVID-19 pandemic, to constitute substantial physical presence in this State for sales and use tax registration and collection duty purposes. This exclusion from the physical presence test has been extended to sales occurring in 2021.

## **Careers at MRS**

The mission of MRS is to fairly and efficiently administer the tax laws of the State of Maine, while maintaining the highest degree of integrity and professionalism.

MRS is always looking for smart, motivated, and team-oriented people to join our team. Benefits include, but are not limited to, the following:

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

Regularly posted, full-time positions at MRS include, but are not limited to, the Tax Examiner and Revenue Agent positions. Please see the following link for more information about these two positions: <https://apps.web.maine.gov/cgi-bin/bhrssalary/jobs.pl>

If you are interested in building your career with MRS, please sign up to receive notifications of new MRS job openings here: <https://portal.maine.gov/taxalert/requestForm>.

## Fraud Alert

If you believe you are a victim of identity theft or that a breach of personally identifiable information has occurred, contact MRS at (207) 624-7658 or email [fraudalert.mrs@maine.gov](mailto:fraudalert.mrs@maine.gov) as soon as possible. Timely notification assists MRS in preventing fraudulent tax refunds.

<u>Department</u>	<u>Telephone Numbers</u>	<u>FAX Numbers</u>	<u>E-mail Addresses</u>
Taxpayer Contact Center	(207) 624-9784	(207) 287-6975	<a href="mailto:taxpayerassist@maine.gov">taxpayerassist@maine.gov</a>
Central Registration	(207) 624-5644	(207) 287-6975	<a href="mailto:taxregistration@maine.gov">taxregistration@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>
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) 624-5625	(207) 287-3618	<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 & Special Taxes	(207) 624-9609	(207) 287-6628	<a href="mailto:fuel.tax@maine.gov">fuel.tax@maine.gov</a>
Forms Request Line	(207) 624-7894		
Individual 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) 624-9694	
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) 624-5600	(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) 624-9595	(207) 287-6627	
Office of Tax Policy	(207) 624-9677	(207) 287-3618	
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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