



MAINE TAX ALERT

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Maine Revenue Services (“MRS”) 2020 Individual Income Tax Form Changes

MRS began 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 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.

For your convenience, itemized below are the significant changes to the 2020 individual income tax forms:

Form 1040ME, lines 15a and 15b (Income Modifications):

- Line 15, previously used to report the net amount of income addition modifications and income subtraction modifications from Form 1040ME, Schedule 1, has been eliminated. New line 15a is used to report the total amount of income addition modifications from new Schedule 1A and new line 15b is used to report the total amount of income subtraction modifications from new Schedule 1S.
- New Schedules 1A and 1S replace the former Schedule 1, the Worksheet for “other” income modifications – Additions, and the Worksheet for “other” income modifications – Subtractions.

Form 1040ME, line 17:

- The Maine standard deduction is equal to the taxpayer’s federal standard deduction amount, subject to the Maine phase-out; and
- The Maine itemized deduction may not exceed \$30,050, except that eligible medical expenses included in federal itemized deductions are not subject to the cap (Form 1040ME, Schedule 2).

Form 1040ME, lines 13 and 18:

- The Maine personal exemption amount is \$4,300 per individual for the taxpayer and the taxpayer’s legal spouse. The Maine personal exemption amount may not be claimed for an individual that is claimed as a dependent on another person’s tax return.

Form 1040ME, Schedule CP:

- A new line has been added to allow charitable contributions to the Maine Children’s Cancer Research Fund.

Form 1040ME, Schedule PTFC/STFC:

- This schedule, used for claiming the property tax fairness credit (“PTFC”) and the sales tax fairness credit (“STFC”), has been revised to reflect that the PTFC is now equal to 100% of the benefit base that is greater than 5% (previously 6%) of total income.

Form 1040ME, Schedule A:

- The Maine Earned Income Tax Credit (EITC) (lines 3 and 11) is increased to 12% of the federal EITC (25% for eligible individuals that do not have a qualifying child). The Maine EITC is also extended to include individuals between the ages of 18 and 24 who have no qualifying children, to the extent they are otherwise eligible for the federal credit. Taxpayers claiming the Maine EITC must complete, and include with Form 1040ME, the Earned Income Tax Credit Worksheet; and
- The Maine Capital Investment Credit (line 15) has been reduced from 7% to 1.2% of the bonus depreciation income addition modification with respect to property placed in service in Maine. However, note that the related bonus depreciation income addition modification may now be recaptured in future tax years over the life of the asset.

For more information on these and other changes, see specific line instructions and the 2020 Tax Law Changes [here](#).

Maine Revenue Services (MRS) Provides Guidance for Owners of Pass-Through Entities Claiming the Maine Capital Investment Credit (MCIC) for tax years 2019 and 2020

For tax years beginning on or after January 1, 2020, the MCIC is reduced from 7% to 1.2% of the bonus depreciation addition modification required with respect to property placed in service in Maine during the tax year. The bonus depreciation addition modification related to the property may be recaptured in future tax years over the remaining life of the asset.

However, for property placed in service during a taxpayer’s fiscal year beginning in 2019, the MCIC credit rate is 7% (or 9% for taxable corporations), even if the property was placed in service during 2020. This includes property placed in service by a pass-through entity. The bonus depreciation addition modification related to the property may *not* be recaptured in future tax years.

For more information regarding the MCIC and associated modifications, see the guidance document “[Modifications Related to Bonus Depreciation and Section 179 Expensing.](#)”

Updates to Form 2210ME and Form 2220ME: Underpayment of Estimated Tax

As announced in previous Tax Alerts, payment due dates for certain tax payments originally due between April 15, 2020, and June 15, 2020, were extended to July 15, 2020. Any related interest and penalties will be abated for the period of April 16, 2020, through July 15, 2020 for qualifying taxpayers.

Taxpayers required to compute the Maine estimated tax penalty for late or nonpayment of estimated tax payments during 2020 should complete Form 2210ME (individuals and fiduciaries) or Form 2220ME (corporations) as instructed to calculate the penalty. The forms have been updated to reflect the extended payment due dates referenced above. Taxpayers who are assessed interest and penalties for these periods may request MRS to abate those charges. Downloadable Forms 2210ME and 2220ME are available on the MRS website at: www.maine.gov/revenue/tax-return-forms/individual-income-tax-2020.

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. Some of the benefits include:

- 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 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>

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 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	taxpayerassist@maine.gov
Central Registration	(207) 624-5644	(207) 287-6975	taxregistration@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
E-file Help Desk (1040 ONLY)	(207) 624-9730	(207) 287-6628	efile.helpdesk@maine.gov
Electronic Funds Transfer	(207) 624-5625	(207) 287-3618	efunds.transfer@maine.gov
Estate & Fiduciary Tax	(207) 626-8480	(207) 624-9694	estatetax@maine.gov
Fuel & Special Taxes	(207) 624-9609	(207) 287-6628	fuel.tax@maine.gov
Forms Request Line	(207) 624-7894		
Individual Income Tax Assistance	(207) 626-8475	(207) 624-9694	income.tax@maine.gov
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	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) 624-5600	(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) 624-9595	(207) 287-6627	
Office of Tax Policy	(207) 624-9677	(207) 287-3618	
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.

Suggestions for the Tax Alert?

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