



MAINE TAX ALERT

A Publication of Maine Revenue Services for Tax Professionals

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Tax Relief for Hurricane Katrina

A recent October issue of the Maine Tax Alert discussed Maine tax relief for taxpayers affected by Hurricanes Katrina and Rita. See www.maine.gov/revenue/publications/alerts/2005/2005oct-b.htm to read the full article. This issue of the Maine Tax Alert discusses the impact that employee contributions of sick, vacation and personal leave time for Hurricane Katrina relief has on Maine income taxes. Under an Employer Leave-Based Program (as defined by the Internal Revenue Service), employees may, through their employer, donate the value of sick, vacation and personal leave time (in lieu of cash contributions) for hurricane relief. Note that, as of the date of this issue, this special federal tax relief provision with respect to donated time does not apply to Hurricane Rita relief efforts.

Maine fully conforms to the federal tax treatment of donations of time to qualified Employer Leave-Based Donation Programs. As provided by federal law, contributions eligible for the special tax treatment must be made to a qualified relief organization prior to January 1, 2007. Because Maine conforms to the federal provisions, the value of vacation, sick and personal leave time donated by participating employees that is excluded from federal gross income is automatically excluded for Maine income tax purposes. These amounts are not federally deductible by the employee as charitable contributions, and, therefore, will not be deductible for Maine income tax purposes. In addition, with respect to employers, the value of donated time federally deductible as wages & salaries expense are treated the same for Maine income tax purposes. Because of Maine's conformity to all of the federal Employer Leave-Based Donation provisions, and because the calculation of Maine taxable income for individuals and businesses is based on federal adjusted gross income (individuals) and federal taxable income (corporations), no adjustments need to be made on the Maine income tax return to account for the special tax treatment of time donated for hurricane relief.

For more information on the federal tax treatment of Employer Leave-Based Donation Programs, see the following links to the Internal Revenue Service web site:

www.irs.ustreas.gov/newsroom/article/0,,id=148114,00.html

www.irs.ustreas.gov/newsroom/article/0,,id=147085,00.html

Questions may also be directed to the IRS at 866-562-5227. Taxpayers with questions about their Maine taxes are encouraged to contact Maine Revenue Services at 207-626-8475 or visit the Maine Revenue Services homepage at www.maine.gov/revenue.

<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) 287-2338	(207) 287-3733	division.uctax@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
Economic Research	(207) 624-9789	(207) 287-3618	
E-file Help Desk (1040 ONLY)	(207) 624-9730	(207) 624-9740	efile.helpdesk@maine.gov
Electronic Funds Transfer	(207) 287-8276	(207) 287-6627	efunds.transfer@maine.gov
Estate Tax	(207) 626-8480	(207) 624-9694	estatetax@maine.gov
Fuel Tax	(207) 624-9745	(207) 287-6628	fuel.tax@maine.gov
Forms Request Line	(207) 624-7894	(207) 622-3517	
Income Tax Assistance	(207) 626-8475	(207) 624-9694	income.tax@maine.gov
Insurance Premium Tax	(207) 624-9753	(207) 624-7729	
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) 287-2011	(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) 624-9628	(207) 287-6627	
Taxpayer Advocate	(207) 624-9649	(207) 287-3618	taxpayer.advocate@maine.gov
TTY Service	(888) 577-6690		
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.

STATE OF MAINE

John Elias Baldacci, Governor

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Suggestions for the Tax Alert?

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