



MAINE TAX ALERT

A Publication of Maine Revenue Services for Tax Professionals

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Maine Resident Estates with out-of-state Property: NEW Method to Calculate Tax Liability

Maine Revenue Services has determined that the statutory imposition of the Maine estate tax on out-of-state property for resident decedents is unconstitutional. As a result, the 2006 Form 706ME will contain a new calculation to reflect the change, and clarifying legislation will be offered for consideration during the upcoming legislative session. Under the current statute, estates of Maine residents with out-of-state property are required to first calculate the estate tax on the total value of the estate, including the out-of-state property. Then that tax total is reduced by the smaller of the percentage of the tax related to non-Maine property or the estate tax actually paid to the other state. If the other state did not impose an estate tax, the resident estate's Maine tax liability is not reduced; it is this aspect of Maine law that has been determined to be unconstitutional.

To determine if an amended return is allowed for estates that have filed returns for deaths occurring on or after January 1, 2002, check the Maine Estate Tax (line 8) on the Maine estate tax return (Form 706ME). If the amount on this line is larger than the Adjusted Credit for State Death Taxes (which is called the Maine Gross Estate Tax on the 2005 form) on line 5 multiplied by the Percent of Property Taxable by Maine on line 3, the estate is entitled to file an amended return for a refund of overpaid taxes. To file an amended return, follow the directions in the paragraph below.

First, check the box at the top of the appropriate year's estate tax return to indicate that this is an amended return. The remaining form must be completed with the estate's correct information. Lines 6 and 7 may be ignored. The amount to enter on line 8 (Maine Estate Tax) is line 5 (Adjusted Credit for State Death Taxes on the 2002 – 04 returns, Maine Gross Estate Tax on the 2005 return) multiplied by line 3 (Percent of Property Taxable by Maine). Follow the instructions for completing the rest of the form, indicating the amount of the overpayment on line 14. A refund will be mailed to you. **This adjusted calculation is allowable only for estates of Maine resident decedents with property located in another state. Nonresident estates are not eligible for the recalculation because out-of-state property for these estates is not taxed.**

Estate tax returns for 2002 and later years can be downloaded from the Maine Revenue Services web site (www.maine.gov/revenue/forms).

Electronic Filing Survey

Maine Revenue Services is seeking input from Maine Tax professionals in an on-line survey. The goal of the survey is to gather information to use in making informed decisions and enhancements to Maine's e-filing services, including the possibility of mandating e-filing of Maine individual income tax returns in the future by tax preparers. You can help by participating in the survey available at www.FreeOnlineSurveys.com/rendersurvey.asp?id=139441. Please complete the survey no later than March 1, 2006.

Maine Revenue Services Announces New Staff/Staff Changes

Maine Revenue Services (MRS) is pleased to announce the following staff additions/changes.

Nanette Ardry

Nanette Ardry has joined the Appellate Division as a Staff Attorney on Monday, December 5, 2005. A native of Maine, she received her bachelor's degree from Tufts University and her law degree from Seattle University School of Law.

Scott Schul

Scott Schul has been appointed to serve as the Acting Director of the newly created Tax Policy & Legislation Division. Most recently, Scott served as a Senior Tax Policy Analyst in the Legal Division. Prior to joining Maine Revenue Services in 2005, Scott practiced law for 14 years with the law firms of Bernstein, Shur, Sawyer and Nelson in Portland, Maine and Powell, Goldstein, Frazer and Murphy in Atlanta, Georgia, with his practice concentrated in the areas of state and federal taxation, employee benefits and executive compensation. Scott earned a Bachelor's Degree in Economics from Clarion University of Pennsylvania, a Juris Doctorate from the West Virginia University College of Law, and an LL.M. in Taxation from the Boston University School of Law.

David Alexander, CM

David Alexander joined Maine Revenue Services in the Tax Processing Center as a Tax Section Manager on Monday, January 9, 2006. David is responsible for Revenue Processing, Problem Resolution and Suspense. David has 23 years of experience in the private sector. His private industry experience includes operations management and senior staff positions responsible for property taxes and sales & use taxes. David earned his undergraduate degree from California State University at Fullerton and an MBA from West Coast University in Los Angeles. David has passed national examinations as a Certified Manager (CM) and a Certified Payroll Professional (CPP).

Russell Begin

Russell Begin was appointed as Tax Section Manager of the Tax Processing Center on Monday, January 9, 2006 where he will direct the Data Entry, Document Scanning, Deposit/EFT and Central Registration functions. Russ has a B.S. degree in Accounting from Thomas College and 22 years experience in accounting and finance, information systems and technology, and administrative and operations management.

<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

Rebecca M. Wyke, Commissioner
Administrative and Financial Services

Jerome D. Gerard, Acting Executive
Director, Maine Revenue Services

Suggestions for the Tax Alert?

Please contact: Public Communications (207) 626-8478
Maine Revenue Services
24 State House Station
Augusta, Maine 04333-0024