



# MAINE TAX ALERT

A Publication of Maine Revenue Services for Tax Professionals

Volume 16, No. 7

October, 2006

Public Communications Tel: (207) 626-8478

## Maine Revenue Services Rulemaking Activity

MRS rulemaking proposals in process:

### **New Rule 401 – Service Provider Tax – Return and Payment of Tax**

MRS is proposing to adopt a new Rule 401, which establishes requirements for the filing of tax returns and the payment of the Maine Service Provider Tax pursuant to 36 MRSA §2554. The proposed rule may be seen on the MRS website. The provisions of the rule are very similar to the provisions of Rule 304, which covers sales tax returns and payments. Comments are due by November 6, 2006 and should be directed to David Bauer, 24 State House Station, Augusta, ME 04333 or via e-mail to [david.e.bauer@maine.gov](mailto:david.e.bauer@maine.gov).

### **New Rule 324 - ConnectME Tax Reimbursements**

MRS is proposing to adopt a new Rule 324 providing guidance for taxpayers on how to qualify and apply for reimbursement of Maine sales and use taxes under 36 MRSA §2017. A rule on this topic was mandated by the Legislature in PL 2005, Ch. 665, the purpose of which is to facilitate the expansion of broadband and wireless service throughout the State of Maine. Comments are due by November 6, 2006 and should be directed to Scott Schul, 24 State House Station, Augusta, ME 04333 or via e-mail to [scott.e.schul@maine.gov](mailto:scott.e.schul@maine.gov). For further information about the ConnectME program, visit [www.maine.gov/connectme](http://www.maine.gov/connectme).

### **Amendments to Rule 302 – Sales to Government Agencies & Exempt Organizations**

MRS is proposing to adopt amendments to Rule 302, which has been in place for many years and serves to explain the administration of sales tax exemptions pertaining to government agencies and exempt organizations. Various minor amendments are being proposed, none of which change current administrative practice in any way. The proposed rule may be seen on the MRS website. Comments are due by November 13, 2006 and should be directed to David Bauer, 24 State House Station, Augusta, ME 04333 or via e-mail to [david.e.bauer@maine.gov](mailto:david.e.bauer@maine.gov).

## 2007 Individual Income Tax Rates

Below are the individual income tax rate schedules for tax years beginning in 2007. The rate schedules for 2006 are found at [www.state.me.us/revenue/forms/1040/2006/RateSched06.pdf](http://www.state.me.us/revenue/forms/1040/2006/RateSched06.pdf).

Note: The 2007 tax rate schedule dollar bracket amounts are adjusted by multiplying the cost-of-living adjustment, 1.1365, by the dollar amounts of the tax rate tables specified in 36 M.R.S.A. § 5111 subsections 1-B, 2-B and 3-B (see 36 M.R.S.A. § 5403). The personal exemption amount is not subject to the inflation adjustment for tax year 2007.

**Do not use these tax rate schedules to determine income tax withholding from wages.**

### Tax Rate Schedule #1

For Single Individuals and Married Persons Filing Separate Returns

If the taxable income is:	The tax is:		
Less than \$4,750	2.0% of the taxable income		
\$ 4,750 but less than \$ 9,450	\$ 95 plus	4.5% of excess over	\$ 4,750
\$ 9,450 but less than \$18,950	\$ 307 plus	7.0% of excess over	\$ 9,450
\$ 18,950 or more	\$ 972 plus	8.5% of excess over	\$18,950

### Tax Rate Schedule #2

For Unmarried or Legally Separated Individuals who Qualify as Heads-of-Households

If the taxable income is:	The tax is:		
Less than \$7,150	2.0% of the taxable income		
\$ 7,150 but less than \$14,200	\$ 143 plus	4.5% of excess over	\$ 7,150
\$14,200 but less than \$28,450	\$ 460 plus	7.0% of excess over	\$14,200
\$28,450 or more	\$1,458 plus	8.5% of excess over	\$28,450

### Tax Rate Schedule #3

For Married Individuals and Surviving Spouses Filing Joint Returns

If the taxable income is:	The tax is:		
Less than \$9,500	2.0% of the taxable income		
\$ 9,500 but less than \$18,950	\$ 190 plus	4.5% of excess over	\$ 9,500
\$18,950 but less than \$37,950	\$ 615 plus	7.0% of excess over	\$18,950
\$37,950 or more	\$1,945 plus	8.5% of excess over	\$37,950

**Personal Exemption:** \$2,850

**Standard Deduction:** Single - \$5,350

Head-of-Household - \$7,850

Married Filing Jointly - \$8,900

Married Filing Separate - \$4,450

**Additional Amount for Age or Blindness:**

\$1,050 if married (whether filing jointly or separately) or a qualified surviving spouse. The additional amount is \$2,100 if one spouse is 65 or over and blind, \$2,100\* if both spouses are 65 or over, \$4,200\* if both spouses are 65 or over and blind, etc.

\*If married filing separately, these amounts apply only if you can claim an exemption for your spouse.

\$1,300 if unmarried (single or head-of-household). The additional amount is \$2,600 if the individual is both 65 or over and blind.

Note: If taxpayer can be claimed as a dependent on another person's return, the standard deduction is the greater of \$850 or earned income plus \$300 (up to the standard deduction amount).

## **Tax Practitioner Institute**

The 2006 Tax Practitioner Institute, hosted by the Service Corps of Retired Executives Association (SCORE), will be held at three locations in Maine on November 7 (Bangor), November 9 (Portland), and November 14 (Augusta).

Federal and state tax specialists will present workshops designed for those interested in keeping abreast of federal and state tax laws and regulations. The Institute provides 8 hours (including one hour of ethics) of CPE credits.

Seating will be limited and registrations will be accepted by mail only. For more information on Institute programs and locations and for registration forms, contact SCORE at (207) 622-8509 or visit the ScoreMaine.org web site at [www.scoremaine.org/0\\_main/Brochure2006.pdf](http://www.scoremaine.org/0_main/Brochure2006.pdf).

## **2006 Tax Forms**

Form 2333ME for ordering 2006 tax forms is now available on the Maine Revenue Services web site at [www.maine.gov/revenue/forms/general/2333\\_06.pdf](http://www.maine.gov/revenue/forms/general/2333_06.pdf). A printed version of Form 2333ME is also available by calling (207) 624-7894 to leave your name and address.

<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	<a href="mailto:division.uctax@maine.gov">division.uctax@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>
Economic Research	(207) 624-9789	(207) 287-3618	
E-file Help Desk (1040 ONLY)	(207) 624-9730	(207) 624-9740	<a href="mailto:efile.helpdesk@maine.gov">efile.helpdesk@maine.gov</a>
Electronic Funds Transfer	(207) 287-8276	(207) 287-6627	<a href="mailto:efunds.transfer@maine.gov">efunds.transfer@maine.gov</a>
Estate Tax	(207) 626-8480	(207) 624-9694	<a href="mailto:estatetax@maine.gov">estatetax@maine.gov</a>
Fuel Tax	(207) 624-9745	(207) 287-6628	<a href="mailto:fuel.tax@maine.gov">fuel.tax@maine.gov</a>
Forms Request Line	(207) 624-7894	(207) 622-3517	
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) 624-7729	
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) 287-2013	(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) 624-9628	(207) 287-6627	
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.

## 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