



MAINE TAX ALERT

A Publication of Maine Revenue Services for Tax Professionals

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Public Communications Tel: (207) 626-8478

Maine Electronic Filing Restrictions Relaxed

Individual Income Tax

Maine Revenue Services has removed several restrictions that in prior years barred the electronic filing of certain Maine tax returns, including returns with a Credit for Income Tax Paid to Other Jurisdictions, Forest Management Planning Credit, Maine Seed Capital Credit, Net Operating Loss addition or subtraction modifications on Maine Schedule 1, Subtraction of capital gain or ordinary income from the sale of multifamily affordable housing modification on Maine Schedule 1, returns with more than fifty W-2 and 1099 series forms in any combination, and returns with Form 2210 (Underpayment of Estimated Tax by Individuals).

E-FILE and I-FILE

Beginning with tax year 2007 returns, all Maine tax returns will be accepted through the E-File program except the following:

- returns with a power of attorney currently in effect for the refund to be sent to a third party;
- returns claiming any Maine Schedule A credits other than "Credit for the Elderly," "Child & Dependent Care Credit," "Earned Income Tax Credit," "Forest Management Planning Credit," "Maine Seed Capital Credit," "Credit for Income Tax Paid to Other Jurisdictions" and "Maine Minimum Tax Credit;"
- amended or corrected returns;
- returns for tax years other than 2007;
- filings that are duplicate to a paper filed return;
- fiscal year returns.

The I-file program has the same restrictions as E-file except that we still cannot accept:

- returns claiming Maine Schedule A "Credit for Income Tax Paid to Other Jurisdictions;"
- innocent/injured spouse claims.

Sales/Use/Service Provider Tax

All sales/use tax returns for periods beginning after January 1, 1999 and service provider returns for periods beginning after July 1, 2005 may be filed using **Maine I-File** unless the return is:

- an amended return; or,
- a return when you have already filed a paper return.

E-File and I-File for Payroll Taxes

Original quarterly withholding or unemployment returns for the most recent calendar year or any of the most recent prior three quarters may be filed using **Maine I-File**. You may also file Form W-3ME returns using Maine I-File for the most recently completed calendar year.

Original quarterly withholding and unemployment insurance returns, and Form W-3ME may be filed electronically using the Maine Employers Electronic Tax Reporting System (MEETRS). Many payroll software packages now support Maine electronic filing of payroll returns. The following returns cannot be processed through MEETRS:

- Nonwage withholding returns where Box B is checked because MRS has granted permission to exclude schedule 2.
- Pass-through entity withholding returns.

In addition, ALL Maine amended payroll tax returns must be filed on paper.

Note that in addition to filing a Maine tax return, I-file may also be used to change your password; company name and address; owner name and address; contact name; phone number; and address; report ownership changes; and business closures; and change your ACH debit information.

Internet payment methods:

1. ACH Debit method (Electronic Funds Transfer)

To use the ACH Debit payment method, you authorize Maine Revenue Services to withdraw the amount due from a bank account you specify for deposit to a State of Maine bank account. Authorization for payment using the ACH Debit method will be made if you provide Maine Revenue Services with the routing and bank account numbers for a non-consumer bank account which contains sufficient funds to satisfy the tax liability.

2. ACH Credit method (Electronic Funds Transfer)

To use the ACH Credit payment method, you must have previously registered with Maine Revenue Services as a credit method payor.

3. Check

If you choose to pay by check, you must print a voucher from the payment screen and enclose it with your check.

MRS Rulemaking Activity

NOTICE: Public Hearing for New Rule 104 - Electronic Filing of Maine Tax Returns.

MRS will hold a public hearing on new Rule 104 – Electronic Filing of Maine Tax Returns – on January 9, 2008 at 9 a.m. The hearing will take place in the Androscoggin/Aroostook/Cumberland Room at the Augusta Civic Center. The purpose of the public hearing is to take

comments from interested parties, which will be responded to after the close of the comment period. Participants are encouraged to provide copies of written testimony. Interested parties may also submit written comments. The deadline for written comments on Rule 104 has been extended to January 21, 2008. Written comments should be directed to Nanette Ardry, 24 State House Station, Augusta, ME 04333 or via e-mail to nanette.m.ardry@maine.gov.

Rule 104 mandates electronic filing of certain Maine tax returns if specified thresholds are exceeded. The proposed rule may be seen on the MRS web site at www.maine.gov/revenue (select Laws and Rules).

Repeal and replacement of Rule 202, "Tree Growth Tax Law Valuations - 2008." This rule, which was last amended for 2007, fulfills the requirement that each year the State Tax Assessor determine 100% valuations per acre for each forest type by economic region for parcels under the Tree Growth Tax Law.

Proposed Rule 202 can be found on the MRS web site at www.maine.gov/revenue (select Laws & Rules). Comments are due by January 31, 2008 and should be directed to John W. Sagaser, General Counsel, Maine Revenue Services, 24 State House Station, Augusta Maine 04333.

Amendments to Rule 901, "Maine Residents Property Tax Program." This rule, which has been in place since 1997 and was last amended in 2006, provides comprehensive definitions and explanations of statutory terms and procedures for claiming benefits under the Maine Residents Property Tax Program. The proposed amendments clarify the definition of "property taxes accrued" where a claimant owned and occupied two or more different homesteads during the relevant period.

Proposed amended Rule 901 can be found on the MRS web site at www.maine.gov/revenue (select Laws & Rules). Comments are due by January 21, 2008 and should be directed to Nanette Ardry, Staff Attorney, Maine Revenue Services, 24 State House Station, Augusta Maine 04333, nanette.m.ardry@maine.gov.

Maine.gov Offers Online Registration for Sales & Use, Withholding, and Service Provider Taxes

Maine Revenue Services is pleased to announce the availability of an online tax registration service for new businesses. Maine businesses may now register with the State of Maine for sales & use tax, income tax withholding, and service provider tax through the official state web site, www.Maine.gov.

This free online service is offered as an alternative to the paper form that businesses previously were required to complete in order to register for business taxes. Instead, the online service provides an easy to navigate form that can be completed any time that is convenient, 24 hours a day, 7 days a week. After submitting the required information, the business applicant will receive instant confirmation that Maine Revenue Services has received the tax application.

“We realize that starting a business is hard work. This online registration service makes one part of that start-up in Maine a lot easier,” said Jerome Gerard, Acting Executive Director of Maine Revenue Services. “We’ve heard from businesses that appreciate the time-savings and convenience of online registration. The nearly paperless process is also saving time and money at Maine Revenue Services.”

Maine Revenue Services receives more than 11,251 registrations per year for sales and use taxes, income tax withholding, and service provider tax combined. The online service provides a convenient option for time-crunched businesses. Applicants only need to view and complete those parts of the form that are required for the particular registrations being filed, in contrast to the paper form which is lengthy and includes information for all business tax registration types.

Additionally, the online form automatically checks applications for completeness and will notify the applicant of any missing information that is required. This speeds up the registration processing time.

The online registration service, created in partnership with InforME, the state’s e-government portal provider, became available for sales, use, and withholding tax registration in March, 2007, and for service provider tax registration in August, 2007. More tax types will be made available for online registration over the next year. More than 2,700 businesses have already registered for taxes online using the new service.

About Maine.gov

Maine.gov (www.Maine.gov) is the official web portal of the State of Maine and a seven-time winner in the Center for Digital Government’s Best of Web competition. Maine.gov is a service of the Information Resource of Maine (InforME), a collaborative effort between the State of Maine and Maine Information Network, LLC. Maine Information Network is the official eGovernment solutions partner for the State of Maine. The company builds and manages interactive government services on behalf of the state and is a wholly owned subsidiary of eGovernment firm NIC (NASDAQ: EGov).

<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) 621-5129	(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) 624-9609	(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	
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) 287-2013	(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
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
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