



# MAINE TAX ALERT

A Publication of Maine Revenue Services for Tax Professionals

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## Maine Revenue Services (MRS) Issues Guidance Relative to Nonconformity with Recent Federal Tax Law Changes for Tax Years 2018 and 2019

As previously announced in the [June 2020 - #2 Tax Alert](#), Maine has not adopted recent federal tax law changes enacted after December 31, 2019, including the federal *Families First Coronavirus Response Act (FFCRA)* and the federal *Coronavirus Aid, Relief, and Economic Security (CARES) Act*.

This Alert is intended to provide Maine guidance in response to recent federal tax law changes that are likely to be of interest to most Maine taxpayers and their advisers. It does not provide guidance on all tax law changes enacted by the federal FFCRA and the federal CARES Act.

These Acts contain several federal tax provisions that affect Maine tax laws, including retroactive changes to tax years beginning in 2018 and 2019. Since, under current state law, Maine conforms to the Internal Revenue Code (IRC) as amended through December 31, 2019, **taxpayers who have already filed a 2018 or 2019 Maine income tax return may be required to file amended income tax return(s)**. Generally, 36 M.R.S. § 5227-A requires a Maine amended return to be filed within 180 days when there is a change or correction affecting the taxpayer's Maine income tax liability. MRS has identified the most significant provisions that may require amended returns to be filed for these tax years. This information also applies to the filing of original returns if you have not already filed your return for 2018 and/or 2019.

### **Tax years beginning in 2018**

When filing a 2018 Maine income tax return, see the revised instructions for individual, fiduciary, and corporate income taxes available at [www.maine.gov/revenue/forms](http://www.maine.gov/revenue/forms). The revised instructions reflect the following changes:

#### **Individual Income Tax**

- Form 1040ME, Schedule 1, lines 1d and 1e – to reflect nonconformity with federal depreciation changes related to qualified improvement property.
- Form 1040ME, Schedule 1, line 1g – to reflect nonconformity with other federal income and expense changes. Also see the 2018 Additional Worksheet to Report Certain “Other”

Modifications to Maine Income Related to Federal Tax Law Changes After December 31, 2019 for Form 1040ME, Schedule 1, Line 1g.

- Form 1040ME, Schedule 1, line 2j – previously used to reflect nonconformity with the federal net operating loss 80% income limitation temporarily suspended under the federal CARES Act.

### Fiduciary Income Tax for Estates and Trusts

Generally, the changes noted above relative to individual income tax taxpayers also apply to Maine fiduciary income tax returns (Form 1041ME). See the updated instructions for Form 1041ME, Schedule 1, lines 1e, 1f, 1g, and 2g and the 2018 Additional Worksheet to Report Certain “Other” Modifications to Maine Income Related to Federal Tax Law Changes After December 31, 2019 for Form 1041ME, Schedule 1, Line 1g.

### Corporate Income Tax

- Form 1120ME, line 2f – previously used, in part, to reflect nonconformity with the federal net operating loss 80% income limitation temporarily suspended under the federal CARES Act.
- Form 1120ME, lines 4g and 4h – to reflect nonconformity with federal depreciation changes related to qualified improvement property.
- Form 1120ME, line 4i – to reflect nonconformity with other federal income and expense changes. See the 2018 Additional Worksheet to Report Certain “Other” Modifications to Maine Income Related to Federal Tax Law Changes After December 31, 2019 for Form 1120ME, Line 4i.

### **Tax years beginning in 2019**

When filing a 2019 Maine income tax return, see the revised instructions for individual, fiduciary, and corporate income taxes available at [www.maine.gov/revenue/forms](http://www.maine.gov/revenue/forms). The new worksheets and revised instructions reflect the following changes:

### Individual Income Tax

- Form 1040ME, Schedule 1, lines 1d and 1e – to reflect nonconformity with federal depreciation changes related to qualified improvement property.
- Form 1040ME, Schedule 1, lines 1h and 2k – to reflect nonconformity with other federal income and expense changes. Also see the 2019 Additional Worksheet to Report Certain “Other” Modifications to Maine Income Related to Federal Tax Law Changes After December 31, 2019 for Form 1040ME, Schedule 1, Lines 1h and 2k.
- Form 1040ME, Schedule 1, line 2j – previously used to reflect nonconformity with the federal net operating loss 80% income limitation temporarily suspended under the federal CARES Act.

## Fiduciary Income Tax for Estates and Trusts

Generally, the changes noted above relative to individual income tax taxpayers also apply to Maine fiduciary income tax returns (Form 1041ME). See the updated instructions for Form 1041ME, Schedule 1, lines 1e, 1f, 1h, 2f, and 2g and the 2019 Additional Worksheet to Report Certain “Other” Modifications to Maine Income Related to Federal Tax Law Changes After December 31, 2019 for Form 1041ME, Schedule 1, Lines 1h and 2g.

## Corporate Income Tax

- Form 1120ME, line 2g – previously used to reflect nonconformity with the federal net operating loss 80% income limitation temporarily suspended under the federal CARES Act.
- Form 1120ME, lines 4g and 4h – to reflect nonconformity with federal depreciation changes related to qualified improvement property.
- Form 1120ME, lines 2o and 4i – to reflect nonconformity with other federal income and expense changes. See the 2019 Additional Worksheet to Report Certain “Other” Modifications to Maine Income Related to Federal Tax Law Changes After December 31, 2019 for Form 1120ME, Lines 2o and 4i.

Taxpayers may need to make additional modifications on their 2018 and/or 2019 Maine income tax returns for other federal tax law changes enacted in 2020 to which Maine does not currently conform. For questions about Maine income tax, contact MRS weekdays 9:00 a.m. to 12:00 noon (holidays excepted) at (207) 626-8475 or visit the MRS website at [www.maine.gov/revenue](http://www.maine.gov/revenue).

## 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](mailto: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 Service Center	(207) 626-8475	(207) 287-5855	
Central Registration	(207) 624-5644	(207) 287-6975	<a href="mailto:taxregistration@maine.gov">taxregistration@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>
E-file Help Desk (1040 ONLY)	(207) 624-9730	(207) 287-6628	<a href="mailto:efile.helpdesk@maine.gov">efile.helpdesk@maine.gov</a>
Electronic Funds Transfer	(207) 624-5625	(207) 287-3618	<a href="mailto:efunds.transfer@maine.gov">efunds.transfer@maine.gov</a>
Estate & Fiduciary Tax	(207) 626-8480	(207) 624-9694	<a href="mailto:estatetax@maine.gov">estatetax@maine.gov</a>
Fuel & Special Taxes	(207) 624-9609	(207) 287-6628	<a href="mailto:fuel.tax@maine.gov">fuel.tax@maine.gov</a>
Forms Request Line	(207) 624-7894		
Individual 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) 624-9694	
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) 624-5600	(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) 624-9595	(207) 287-6627	
Office of Tax Policy	(207) 624-9677	(207) 287-3618	
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.

Suggestions for the Tax Alert?

**Please contact:**  
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