Maine Tax Alert #2 December 2016

Maine Revenue Services

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Maine Revenue Services ("MRS") Rulemaking Activity

Rule 805 proposed amendments. MRS Rule 805 establishes procedures for filing of composite returns of income by partnerships, estates, trusts, and S corporations on behalf of partners, beneficiaries, or shareholders. In addition to technical, nonsubstantive changes, the Rule is being revised to reflect the decrease in the individual income tax rate as established in 36 M.R.S. § 5111(1-E) for tax years beginning in 2016.

Rule 806 proposed amendments. MRS is proposing to amend Rule 806 ("Nonresident Individual Income Tax"). Rule 806, last amended in 2012, provides comprehensive definitions and explanations of statutory terms and procedures for nonresident individual income tax filers. The Rule is edited to include minor formatting changes to be consistent with other Bureau of Revenue Services Rules and to update references to M.R.S.A. and MRSA to M.R.S. New section .03(G) is added to reflect that compensation or income earned by nonresident taxpayers that is directly related to a declared state disaster or emergency is exempt from Maine tax if the taxpayer's only presence in Maine is for the sole purpose of providing disaster relief. The remaining provisions are renumbered accordingly. The application date of the amended Rule is changed to accommodate the effective date of the exemption of disaster relief income.

Rule 807 proposed amendments. MRS is proposing to amend Rule 807 ("Residency"). Rule 807, last amended in 2012, explains standards for determining Maine residency for income tax purposes. The following changes are being made to the proposed Rule. Section .08 is reformatted, clarifies that military pay earned by a Maine resident servicemember for active duty service performed outside Maine under written military orders is not taxed in Maine and makes a technical change to correct an erroneous reference.

The proposed changes for Rules 805, 806, and 807 can be seen at [www.maine.gov/revenue/rules/](http://www.maine.gov/revenue/rules/) under Proposed Changes. Comments on the proposed changes should be sent by January 13, 2017 to Heather Popadak, Income/Estate Tax Division at heather.o.popadak@maine.gov, 207-624-9999, or Maine Revenue Services, P.O. Box 9106, Augusta, Maine 04332-9106.

2017 Maine Income Tax Withholding Tables

The 2017 Withholding Tables for Individual Income Tax have been published. The tables are available online at
For questions on the tables, call the MRS withholding unit at (207) 626-8475, select option 1 and then option 4, or email withholding.tax@maine.gov.
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?

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