Maine Tax Alert January 2016

Maine Revenue Services

Maine Department of Administrative & Financial Services

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Maine Conformity with the
Federal Consolidated Appropriations Act, 2016

At the direction of Maine Governor Paul R. LePage, the Department of Administrative and Financial Services will present a bill to the current session of the Maine Legislature proposing to continue conformity of Maine tax law to the Internal Revenue Code (the “Code”) through December 31, 2015. This includes conformity to permanent and temporary extensions of federal tax law changes recently made in the Federal Consolidated Appropriations Act, 2016 and continuing the Maine Capital Investment Credit (in lieu of conforming to federal bonus depreciation). The bill will be sponsored by the chairs of the Legislature’s Joint Standing Committee on Taxation, Senator Earle McCormick (R-Kennebec) and Representative Adam Goode (D-Bangor).

The provisions of the federal tax extenders package with the most notable impact on Maine taxpayers include the above-the-line deduction of up to $250 for teacher classroom expenses and the Section 179 business expense deduction, both of which were made permanent by Congress. In addition, the package also extended federal tax provisions related to the deduction for tuition and fees, itemized deductions for state and local sales taxes and mortgage insurance premiums as well as a number of various other provisions with less significant impact on Maine taxpayers.

Downloadable Maine tax forms and instructions for 2015 that have been issued as of this date are consistent with the extended conformity provisions noted above.

In the event that final legislation is enacted that is not consistent with the Department’s proposal, Maine Revenue Services will inform taxpayers of those tax items and describe what taxpayers will need to do in order to correctly file their 2015 tax returns or to correct returns already filed.

Individual Income Tax Notes

Something for individuals to remember this filing season…

WHAT IS USE TAX?

Use Tax is a companion tax to the sales tax and is imposed when sales tax has not been paid on taxable items used in Maine. Examples are items purchased without paying sales taxes such as...
purchases made online or in another state and brought back to Maine. The two taxes operate in
tandem; they generally apply to the same types of property and are imposed at the same rate. All
states that have a sales tax also impose a use tax. Use tax has been in Maine law since 1951 (the
same as sales tax). Details regarding sales and use tax may be found on the web at
www.maine.gov/revenue/salesuse/usetax/usetax.html or by calling (207) 624-9693.

Are you liable for use tax?

If you answer yes to either of the following questions, you could be liable for Maine use tax:

- Have you purchased items in another state without paying sales tax, then brought the
  items to Maine?
- Have you made purchases via the internet, mail order catalogs or over the telephone
  without paying sales tax to the seller?

Individuals can remit use tax on their 2015 Form 1040ME. Businesses should call the Sales and
Use Tax Unit at (207) 624-9693 for information on remitting sales and use tax.
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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