



MAINE TAX ALERT

A Publication of Maine Revenue Services for Tax Professionals

Volume 16, No. 8

November, 2006

Public Communications Tel: (207) 626-8478

Maine Revenue Services Rulemaking Activity

Maine Revenue Services has initiated the following rulemaking activity:

- 1) Amendments to Rule 207, “Real Estate Transfers.”** This rule is being amended to reflect an amendment to 36 MRSA §4641(1-A) which changed the definition of controlling interest from “either 50% or more” to “more than 50%.” The amendment also removes language which provides for an affidavit to be submitted when a person does not have a taxpayer identification number because 36 MRSA §4641-D specifically requires a taxpayer identification number to be provided. The amendment also makes some minor technical changes.
- 2) Amendments to Rule 301, “Sales for Resale and Sales of Packaging Materials.”** This rule establishes procedures for making sales for resale, certain sales to lessors and service providers and sales of packaging materials exempt from sales tax, and set forth requirements for certification of exempt sales. The proposed amendments merely update the rule to reflect current law.
- 3) Amendments to Rule 303, “Sales to Industrial Users.”** This rule, which has been in place since 1951 and was last amended in 1989, explains the Sales and Use Tax Law as it pertains to the exemption provisions for machinery and equipment used in production, and for consumed or destroyed items. Several minor non-substantive amendments and updates are being proposed.
- 4) Amendments to Rule 308, “Direct Pay Permits.”** This rule, which has been in place for many years, establishes a system for combined reporting of purchases by manufacturers and utilities under a “direct payment permit”. The proposed amendments update the rule to take account of the enactment of the Service Provider Tax.
- 5) Amendments to Rule 313, “Classified Permits.”** This rule, which has been in place since 1953 and was last amended in 1979, establishes a system for the administration of the “classified permit” method of determining exempt sales pursuant to 36 MRSA §1951-A. The proposed amendments clarify the rule and update a statutory citation.
- 6) Repeal of Rule 322, “Sales of Food Products.”** This rule has not been amended since its promulgation in 1986 and is significantly outdated, as many statutory changes involving food products have been enacted since then. Current information on the application of the Maine

Sales and Use Tax Law to food products is available to taxpayers on the Maine Revenue Services website and upon request.

7) Repeal and replacement of Rule 323, “Commercial Agricultural Production, Commercial Aquacultural Production and Commercial Fishing.” This rule, which has not been amended since it was promulgated in 1990, explains the operation of 36 MRSA §2013 as it pertains to the issuance of refunds and certificates of exemption to persons who are engaged in commercial agricultural production, commercial aquacultural production and commercial fishing. The proposed amendments clarify and update the rule, particularly with regard to how purchases of electricity by taxpayers in these business sectors are treated under the Sales and Use Tax Law. Affected taxpayers should see no substantive changes.

The proposed changes may all be seen on the MRS website. The comment period in all cases is December 27, 2006. Comments on the amendments to Rule 207 should be directed to Agnes Gormley, Tax Policy Analyst, Maine Revenue Services, 24 State House Station, Augusta, Maine 04333 or via e-mail to agnes.gormley@maine.gov. All other comments should be directed to David Bauer at Maine Revenue Services, 24 State House Station, Augusta, Maine 04333 or via e-mail to david.e.bauer@maine.gov.

Maine Revenue Services Issues Residency “Safe Harbor” Guidance Document

MRS has completed the *Maine Revenue Services Guidance to Residency Safe Harbors*. This document provides comprehensive instructions and examples on the application of the recently enacted “safe harbor” provisions for individual income tax purposes. The safe harbors specifically target Maine resident individuals who spend significant time outside Maine. Maine resident individuals that qualify under either the “General Safe Harbor” or the “Foreign Safe Harbor” rule may file as a nonresident of Maine for the eligible tax period. For additional information, please see the complete guidance document posted on the MRS web site at: www.maine.gov/revenue/incomeestate/guidance/ResSafeHarborsPamphlet.pdf.

Maine Residents Property Tax and Rent Refund “Circuit Breaker” Program Application Booklets

MRS has discontinued charging a fee for printed copies of the Maine Residents Property Tax and Rent Refund “Circuit Breaker” Program booklet. These booklets and application forms will now be provided to the practitioner community free of charge. You may also download both the booklet and application from the MRS web site for free. To assist us in managing our inventory, we ask that you order no more than 50 booklets at any one time. The updated order form is available online at www.state.me.us/revenue/forms/general/2333TNRME-06RevisedNov21_2006.pdf. You may also order forms by calling our automated forms ordering line at (207) 624-7894 to leave your name, mailing address and the name and quantity of forms being ordered.

2006 Downloadable Forms

Most downloadable income tax forms for tax year 2006 have been posted to the Maine Revenue Services web site at: www.maine.gov/revenue/forms. Some forms are still being designed, but the most often used forms are available. All downloadable forms posted on the MRS web site are suitable for printing and filing with the bureau. To order printed forms, visit the MRS web site at: www.maine.gov/revenue/forms/orderhome.html.

Maine Revenue Services Estate Tax FAQs

The frequently asked questions (FAQs) for Maine estate tax have been updated. These questions and the answers can be found on the MRS web site at: www.maine.gov/revenue/faqs/homepage.shtml. For the most part, the questions have been rearranged into groups dealing with similar subjects and edited for ease of understanding. Some answers, however, have been refined to further clarify the bureau's interpretation of relevant law. In particular, Question #22 has been substantially revised to more fully and accurately describe those tangible assets held by pass-through entities that must be included in Maine taxable estates of nonresident decedents.

Resale Certificates

Maine resale certificates for the period beginning January 1, 2007, were mailed to all qualifying retailers on Tuesday, November 21, 2006. Due to the upcoming Thanksgiving holiday and long weekend, retailers should allow ample time for delivery.

<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	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) 624-9745	(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

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Suggestions for the Tax Alert?

Please contact: Public Communications (207) 626-8478

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