



MAINE TAX ALERT

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Maine Revenue Services Rulemaking Activity

Proposed Repeal and Replace Rule 202, "Tree Growth Tax Law Valuations - 2015." MRS is proposing to repeal and replace Rule 202 "Tree Growth Tax Law Valuations – 2015." The Rule is being replaced to provide updated valuation rates for each forest type by region. The valuation rates are applied to land included in the Tree Growth Tax Law program under 36 M.R.S. §§ 571-584-A. This program provides a benefit for owners of at least ten acres of forested land used for commercial harvesting.

The proposed changes can be seen at www.maine.gov/revenue/rules/homepage.html, under Proposed Changes. Comments on the proposed changes can be sent, by March 25, 2015, to David Ledew, director of the Property Tax Division, at david.p.ledew@maine.gov, 207-624-5600 or Maine Revenue Services, P.O. Box 9106, Augusta, Maine 04332-9106.

Proposed Rule 813, "Property Tax Fairness Credit." MRS is proposing to adopt Rule 813, "Property Tax Fairness Credit." The property tax fairness credit replaced the repealed Maine Residents Property Tax Program to provide property tax and rent relief to Maine taxpayers. The Rule will provide interpretation and guidance on the Maine income tax credit that may be claimed by eligible taxpayers who owned or rented a home in Maine during the tax year and paid property taxes that were greater than 6% of their total income or rent that was greater than 40% of their total income and who lived in that home as their principal residence during the tax year. Particularly, the Rule provides guidance on taxpayer eligibility for the credit, defines a homestead that may be occupied as a primary residence, property taxes paid or rent constituting property taxes paid and total income used to determine eligibility.

Amendments to Rule 901, "Maine Residents Property Tax Program." MRS is proposing to amend Rule 901 ("Maine Residents Property Tax Program") to reflect the fact that the program does not apply to claim applications filed on or after August 1, 2013.

Proposed Rules 813 and 901 can be found on the MRS website at www.maine.gov/revenue (select Laws & Rules). Comments are due by March 27, 2015 and should be directed to Dennis M. Doiron, Maine Revenue Services, 24 State House Station, Augusta, Maine 04333, (207) 626-8483, dennis.m.doiron@maine.gov.

*As previously announced in a February 5, 2015 Tax Alert email, **Amendments to Rule 208, "Revaluation Guidelines."*** MRS is proposing to amend Rule 208 "Revaluation Guidelines." The Rule explains in further detail the process of revaluation of property and offers guidance for professionals providing revaluation services. The proposed amendment updates obsolete references and makes other housekeeping changes. Aside from technical changes, the only noteworthy proposal is to eliminate the requirement for a municipality to gain approval from the State Tax Assessor prior to using a new pricing schedule. The proposed rule change replaces that requirement with the requirement for municipalities to provide a copy of new pricing schedules to the State Tax Assessor only on request.

The proposed changes to Rule 208 can be seen at www.maine.gov/revenue/rules/homepage.html, under Proposed Changes. Comments on the proposed changes can be sent, by March 27, 2015, to David Ledew, director of the Property Tax Division, at david.p.ledew@maine.gov, 207-624-5600 or Maine Revenue Services, P.O. Box 9106, Augusta, Maine 04332-9106.

IMPORTANT CHANGES TO MAINE EMPLOYMENT TAX REPORTING

For Tax Periods Beginning on or after January 1, 2015

Form 941/C1-ME Quarterly Combined Filing for Income Tax Withholding & Unemployment Contributions Will be Divided into Separate Forms

For tax periods beginning on or after January 1, 2015, the combined filing of Maine income tax withholding and unemployment contributions, previously reported on Form 941/C1-ME, will be eliminated.

Businesses will file and pay Maine income tax withholding on existing Form 941ME and will file and pay unemployment contributions on new Form ME UC-1. Although the forms and instructions have been separated for tax periods beginning in 2015, Maine Revenue Services (MRS) will continue to process the unemployment contributions forms and payments on behalf of the Maine Department of Labor. MRS will also continue to provide electronic filing and payment systems for the separate filings.

MRS has completed the transition of its filing and payment systems to reflect the separate filing process for each tax. Please note the following important changes for the 1st quarter of 2015:

If filing paper returns, use Form 941ME to report withholding and Form ME UC-1 to report unemployment contributions. Each form must be mailed separately, with separate payment, to avoid processing delays.

The MRS I-file system for 2015 filings is located at the same web site as in the past. However, the login process has changed. When logging into the I-file system, select the year for which you wish to file, and then enter the account number for the tax you wish to report: Enter the withholding account number to file a withholding return or the SUI account number assigned by MDOL to file the unemployment contributions return (Form ME UC-1). If you need to file both a withholding return and an unemployment return, you will need to login separately to file each return.

To make payments via the ACH Credit method, verify your bank is using the following information:

	UPIC Routing Number	UPIC Bank Account Number	Addenda Record Field TXP02 Tax Code
Quarterly Return Withholding Payments	021052053	81302364	01104
Semi-weekly Withholding Payments	021052053	81302364	01214
Unemployment Compensation Tax Payments	021052053	26066997	13055

The MRS EZ Pay system will no longer accept combined withholding and unemployment compensation payments for periods beginning after 2014. When making withholding tax payments through EZ Pay, select the withholding tax payment type that applies to your payment. When making an unemployment contributions tax payment, select “UC-1 Unemployment Contribution Payment.”

MRS expects a high volume of phone calls during the peak filing period between April 13th and April 30th. **Employers are encouraged to file as early as possible for the 1st quarter of 2015 to avoid delays in obtaining filing assistance from MRS.** Questions may be directed to the Maine Revenue Services Withholding Unit at withholding.tax@maine.gov or by phone at (207) 626-8475, press 1, then select option 4 on the menu.

Maine Conformity with the Federal Internal Revenue Code

As previously announced in a Tax Alert email issued February 13, 2015, P.L. 2015, ch. 1 was enacted on February 12, 2015 to conform Maine's income tax law to the federal Internal Revenue Code through December 31, 2014. For the full text of the bill, see www.mainelegislature.org/legis/bills/getPDF.asp?paper=HP0096&item=3&snum=127.

The law includes conformity to the extender items (see below) enacted by the federal government in December, except that Maine continues to not conform to federal bonus depreciation. The law also extends through 2014 the Maine capital investment credit for property placed in service in Maine.

The most notable federal extender items to which Maine now conforms are the above-the-line deduction of up to \$250 for teacher classroom expenses, the expanded § 179 business expense deduction, the extension of the federal research credit impacting the corresponding Maine research credit, itemized deductions for mortgage insurance and related expenses, accelerated depreciation deductions for leasehold/restaurant/retail improvement property, special expensing rules for film and television productions and a deduction for contribution of food inventories.

Note that the Maine online tax forms and instructions for 2014, including tax credit worksheets, anticipated conformity with the Internal Revenue Code as described above; therefore, there are no changes to these tax forms or instructions as a result of enactment of Public Law, Chapter 1.

<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	taxregistration@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
E-file Help Desk (1040 ONLY)	(207) 624-9730	(207) 287-6628	efile.helpdesk@maine.gov
Electronic Funds Transfer	(207) 624-5625	(207) 287-3618	efunds.transfer@maine.gov
Estate & Fiduciary 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		
Individual Income Tax Assistance	(207) 626-8475	(207) 624-9694	income.tax@maine.gov
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	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) 624-5600	(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	
Office of Tax Policy	(207) 624-9789	(207) 287-3618	
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.

Suggestions for the Tax Alert?

Please contact:

Maine Revenue Services

PO Box 1060

Augusta, Maine 04332-1060