

Cases and Rulings in the News States A-M, Maine Revenue Services, ME— Maine Tax Alert, Vol. 30, No. 19, Maine, (Oct. 1, 2020)

MAINE TAX ALERT

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Maine Revenue Services Announces Tax Relief Updates for COVID-19 Emergency Period

Tax Relief for Telework During the COVID-19 Emergency Period

In response to the COVID-19 pandemic, Maine and other states declared states of emergency and issued temporary social-distancing measures, work-from-home requirements and policies, and other travel and work-place restrictions. Consequently, during the COVID-19 pandemic period, some employees who had been previously working physically present at a site in another state commenced working instead remotely from Maine – also known as telework. This change of location of employee activity has several potential tax ramifications.

To minimize disruption and uncertainty regarding these tax impacts for certain employers and employees during the COVID-19 pandemic, MRS announces the following tax relief updates:

- **Employer Income Tax Withholding – New Telework in Maine by Maine Residents**

Maine income tax withholding for wages paid in 2020 to a Maine resident suddenly working in Maine due to a state's COVID-19 state of emergency, will continue to be calculated as if the Maine resident were still working outside the State. See MRS Rule 803, Section .04(B), available at: www.maine.gov/revenue/publications/rules.

- **Individual Income Tax –Estimated Income Tax Payments**

For tax years beginning in 2020, if an estimated income tax payment penalty is due by a Maine resident taxpayer as a result of the taxpayer suddenly working in Maine due to a state's COVID-19 state of emergency, Maine Revenue Services (MRS) will abate the penalty upon request by the taxpayer.

- **Individual Income Tax – Final Tax Liability**

For tax years beginning in 2020, the Mills Administration will introduce legislation in January to ensure Maine residents avoid double taxation as a result of COVID-19 related telework by allowing the tax credit for income tax paid to other jurisdictions if another jurisdiction is asserting an income tax obligation for the same income despite the employee no longer physically working in that jurisdiction due to COVID-19.

- **Sales Tax Nexus: Registration and Collection Duty Requirements**

For sales occurring in 2020, MRS will not consider the presence of one or more employees in this State, who commenced working remotely from Maine during the state of emergency *and due to the COVID-19 pandemic*, to constitute substantial physical presence in this State for sales and use tax registration and collection duty purposes.

- **Corporate Income Tax Nexus**

For tax years beginning in 2020, MRS will not consider the presence of one or more employees in this State, who commenced working remotely from Maine during the state of emergency *and due to the COVID-19 pandemic*, to establish, by itself, corporate income tax nexus.

Updated Guidance on Educational Opportunity Tax Credit (“EOTC”)

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- **Federal Student Loan Forbearance**

MRS is in the process of submitting to the Secretary of State the official, finalized emergency rulemaking for MRS Rule 812, “Credit for Educational Opportunity,” that will allow, for tax years beginning on or after January 1, 2020, student loan payments made by individuals in deferment or forbearance, including those subject to a federal student loan administrative forbearance pursuant to the federal Coronavirus Aid, Relief, and Economic Security (“CARES”) Act or federal Executive Order, to qualify for the EOTC as long as all other eligibility criteria are met.

- **Work-in-Maine Requirement**

For tax years beginning in 2020, for Maine people who were employed in Maine prior to, or during, the pandemic and who became unemployed as a result of COVID-19 but who are still making student loan payments, the Mills Administration will introduce legislation in January to allow them the EOTC.

Corporate Income Tax: Additional Extension of Time to File

As previously announced, in response to COVID-19 related corporate tax changes at the federal level, MRS has automatically extended the filing deadline for corporate and franchise taxpayers in Maine, on extension, from October 15, 2020 to *November 16, 2020*. See Maine Tax Alert, Volume 30, Issue 18, October 2020, available at: www.maine.gov/revenue/publications/maine-tax-alerts.

For questions about Maine income tax, contact MRS at (207) 626-8475 or visit the MRS website at 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 as soon as possible. Timely notification assists MRS in preventing fraudulent tax refunds.

Department	Telephone Numbers	FAX Numbers	E-mail Addresses
Taxpayer Contact Center	(207) 624-9784	(207) 287-6975	taxpayerassist@maine.gov
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 & Special Taxes	(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) 624-9595	(207) 287-6627	
Office of Tax Policy	(207) 624-9677	(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?

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