



# MAINE TAX ALERT

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## COVID-19 Tax Provisions to Expire

On June 11, Governor Mills temporarily extended the COVID-19 related State of Civil Emergency through June 30, 2021 to ensure an orderly transition out of the emergency. With the end of the State of Civil Emergency on June 30, certain COVID-19 related tax provisions temporarily allowed under the State of Civil Emergency will expire, as described below.

### Filing deadline for certain property tax exemptions and current land use programs

While ordinarily the deadline for filing applications for certain property tax exemptions and current land use programs applications is April 1 to be effective for that year's municipal property tax commitment, Executive Orders temporarily extended the 2021 deadline to either the commitment date of the municipality or 30 days after the termination of the declared emergency, whichever occurs first. **With the civil emergency terminating on June 30, the 2021 filing deadline will now be either the commitment date of the municipality or July 30, 2021, whichever occurs first.**

The extended application deadline includes the following property tax exemptions: Property of Institutions and Organizations (36 M.R.S. § 652); Estates of Veterans (36 M.R.S. § 653(1)(G)); Solar and Wind Energy Equipment (36 M.R.S. §§ 655(1)(U) and 656(1)(K)); Exemption of Homesteads (36 M.R.S. § 684(1)); and Exemption of Business Equipment ("BETE") (36 M.R.S. § 693(1)). The extended application deadline for current land use programs includes: Farm and Open Space (36 M.R.S. §§ 1101-1121); Tree Growth (36 M.R.S. §§ 571-584-A); and Working Waterfront (36 M.R.S. §§ 1131-1140-B).

The Executive Order allowing municipal officers to set due dates, interest rates, and dates when interest begins to accrue for taxes committed in 2021 if the town is unable to hold its annual budget meeting remains in effect. Municipal officers will continue to be able to set due dates, interest rates, and interest accrual dates for taxes committed during 2021 if the town is unable to hold its annual budget meeting.

If you have any questions about the extended deadline, please contact your municipal assessor or the Property Tax Division of Maine Revenue Services at (207) 624-5600.

### Corporate income tax nexus

Tax years beginning in 2020: Previously, MRS announced that, for tax years beginning in 2020, 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 was not sufficient, by itself, to establish corporate income tax nexus. **With the end of the civil emergency, the**

**presence of one or more employees who commence working in Maine after the end of the civil emergency, including those working remotely in Maine, will be considered in making a determination of whether a foreign corporation has nexus in Maine.** However, the presence of employees who commenced working remotely in Maine **during** the state of emergency will continue to not be considered in determining nexus for tax years beginning in 2020.

Tax years beginning in 2021: Previously, MRS announced that for tax years beginning in 2021, MRS would not consider the presence of one or more employees in this State during the period January through June 2021 who commenced working remotely from Maine during the state of emergency and due to the COVID-19 pandemic to be sufficient, by itself, to establish corporate income tax nexus. **With the end of the civil emergency, normal Maine corporate income tax nexus policies apply and the presence of one or more employees working in Maine, including those working remotely in Maine, will be considered in making a determination of whether a foreign corporation has nexus in Maine, regardless of when they commenced working in Maine.** For more information on Maine corporate income tax nexus, see [MRS Rule 808](#).

Note: New “factor presence” nexus thresholds apply to tax years beginning on or after January 1, 2022. Taxable corporations that do not exceed the thresholds during the taxable year are deemed to not have nexus with Maine for Maine corporate income tax purposes. See LD 1216, PL 2021, c. 181, Part E.

#### Sales tax nexus

Previously, MRS announced that for sales occurring in 2020 and 2021, 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, by itself, substantial physical presence in this State for sales and use tax registration and collection duty purposes. **The end of the civil emergency terminates the Maine sales and use tax COVID-19 pandemic nexus policy. The presence of one or more employees who commence working remotely in Maine after June 30, 2021, will be considered in determining substantial physical presence in this State for sales and use tax registration and collection duty purposes for sales occurring in 2021.**

Other notable provisions affected by the termination of the civil emergency include:

#### Credit for income tax paid to other jurisdiction

The following relief provided with respect to the credit for income tax paid to another jurisdiction that applied to tax years beginning in 2020 has been extended to tax years beginning in 2021 (see LD 1216, P.L. 2021, c. 181, Sec. D-4):

For a tax year beginning in 2020 or 2021, a Maine resident who began teleworking in Maine due to the COVID-19 pandemic and who was performing the same services from a location outside of Maine immediately prior to the COVID-19 state of emergency declared by the Governor, or declared by the jurisdiction where the employee was performing the services, is allowed to claim the tax credit for income tax paid to other jurisdictions to the extent that:

- the services were performed in 2020 or 2021 during either jurisdiction’s state of emergency period;

- the other jurisdiction is asserting the income is sourced to that jurisdiction; and
- the employee does not qualify for an income tax credit in that jurisdiction for income taxes paid as a result of the compensation.

#### Nonresidents providing disaster relief in Maine during the COVID-19 pandemic

The special disaster period designation for the COVID-19 pandemic as it applies to the certain compensation for personal services performed in Maine and income from a trade or business conducted in Maine by a nonresident whose presence in Maine during the tax year is for the sole purpose of performing services or conducting business during a disaster period expires 30 days following the termination of the state of emergency.

#### Income tax withholding

Maine income tax withholding rules relative to employees working in Maine, including employees teleworking in Maine for a non-Maine employer, will resume for services performed in Maine after June 30, 2021. For more information on Maine income tax withholding, see Maine Rule 803 and the [Income Tax Withholding FAQs](#).

#### Sales and use tax exemptions

The special disaster period designation for the COVID-19 pandemic as it applies to the Maine sales and use tax exemption available to companies providing supplies and resources during a disaster period pursuant to 36 M.R.S. §1760(45)(A-4) will expire 30 days after the termination of the Maine state of emergency.

## Careers at MRS

The mission of MRS is to fairly and efficiently administer the tax laws of the State of Maine, while maintaining the highest degree of integrity and professionalism.

MRS is looking for smart, motivated, and team-oriented people to join our team. Benefits include:

- Public service
- Competitive salary
- MainePERS retirement plan and deferred compensation
- Qualifying employer for federal student-loan forgiveness
- Generous insurance and paid leave (including all state holidays)
- Flexible spending accounts and longevity pay
- Gym membership reimbursement
- Tuition reimbursement for continuing education

Regularly posted, full-time positions at MRS include the Tax Examiner and Revenue Agent positions. Click the following link for more information about these positions:

<https://apps.web.maine.gov/cgi-bin/bhrssalary/jobs.pl>.

If you are interested in building your career with MRS, please sign up to receive notifications of new MRS job openings here: <https://portal.maine.gov/taxalert/careers>.

Current job openings at MRS are listed here: [www.maine.gov/revenue/about/career-opportunities](http://www.maine.gov/revenue/about/career-opportunities).

## 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](mailto:fraudalert.mrs@maine.gov) as soon as possible. Timely notification assists MRS in preventing fraudulent tax refunds.

<u>Department</u>	<u>Telephone Numbers</u>	<u>FAX Numbers</u>	<u>E-mail Addresses</u>
Taxpayer Contact Center	(207) 624-9784	(207) 287-6975	<a href="mailto:taxpayerassist@maine.gov">taxpayerassist@maine.gov</a>
Central Registration	(207) 624-5644	(207) 287-6975	<a href="mailto:taxregistration@maine.gov">taxregistration@maine.gov</a>
Collections & Compliance	(207) 624-9595	(207) 287-6627	<a href="mailto:compliance.tax@maine.gov">compliance.tax@maine.gov</a>
Corporate Tax	(207) 624-9670	(207) 624-9694	<a href="mailto:corporate.tax@maine.gov">corporate.tax@maine.gov</a>
E-file Help Desk (1040 ONLY)	(207) 624-9730	(207) 287-6628	<a href="mailto:efile.helpdesk@maine.gov">efile.helpdesk@maine.gov</a>
Electronic Funds Transfer	(207) 624-5625	(207) 287-3618	<a href="mailto:efunds.transfer@maine.gov">efunds.transfer@maine.gov</a>
Estate & Fiduciary Tax	(207) 626-8480	(207) 624-9694	<a href="mailto:estatetax@maine.gov">estatetax@maine.gov</a>
Fuel & Special Taxes	(207) 624-9609	(207) 287-6628	<a href="mailto:fuel.tax@maine.gov">fuel.tax@maine.gov</a>
Forms Request Line	(207) 624-7894		
Individual Income Tax Assistance	(207) 626-8475	(207) 624-9694	<a href="mailto:income.tax@maine.gov">income.tax@maine.gov</a>
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	<a href="mailto:compliance.tax@maine.gov">compliance.tax@maine.gov</a>
Payment Plan/Other	(207) 624-9595	(207) 287-6627	<a href="mailto:compliance.tax@maine.gov">compliance.tax@maine.gov</a>
Practitioners' Hotline	(207) 626-8458	(207) 624-9694	
Property Tax	(207) 624-5600	(207) 287-6396	<a href="mailto:prop.tax@maine.gov">prop.tax@maine.gov</a>
Public Communications	(207) 626-8478	(207) 624-9694	
Sales Tax	(207) 624-9693	(207) 287-6628	<a href="mailto:sales.tax@maine.gov">sales.tax@maine.gov</a>
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	<a href="mailto:taxpayer.advocate@maine.gov">taxpayer.advocate@maine.gov</a>
Withholding Tax	(207) 626-8475	(207) 624-9694	<a href="mailto:withholding.tax@maine.gov">withholding.tax@maine.gov</a>
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:**  
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**Augusta, Maine 04332-1060**