

Income/Franchise:

Maine: New Law Updates State Conformity to IRC, Addresses CARES Act Provisions and GILTI

LD 220 / HP 155, signed by gov. 3/17/21. Effective immediately and applicable to tax years beginning on or after January 1, 2018, and “to any prior tax years as specifically provided by the United States Internal Revenue Code of 1986 and amendments to that Code as of December 31, 2020,” new law generally conforms state corporate and personal income tax references to the “Internal Revenue Code” to the federal Internal Revenue Code (IRC) as in effect as of December 31, 2020. The new law additionally addresses the Maine tax treatment of certain provisions under the federal Coronavirus Aid, Relief, and Economic Security (CARES) Act (*i.e.*, P.L. 116-136) for select tax years – namely, those involving IRC sections 172 (*i.e.*, net operating loss deductions), 163(j) (*i.e.*, limitations on the deduction of business interest expenses), 168(e) (*i.e.*, qualified improvement property (QIP)), and 461(l) (*i.e.*, excess loss limitations for taxpayers other than corporations). Specifically for Maine corporate income tax purposes, the law also modifies the addition adjustment for global intangible low-taxed income deduction (GILTI) under the federal Tax Cuts and Jobs Act (*i.e.*, P.L. 115-97) for tax years beginning on or after January 1, 2020 with regards to the total amount of the foreign-derived intangible income (FDII) and GILTI deduction claimed under IRC section 250(a). Please contact us with any questions.

URL: <http://www.mainelegislature.org/legis/bills/getPDF.asp?paper=HP0155&item=22&num=130>

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