

Income/Franchise:

Maine: Guidance Addresses Pandemic-Related Telework Credit Intended to Prevent Double Taxation

Tax Alert, Vol. 31, Issue 10, Me. Rev. Serv. (4/21). Following up on earlier guidance addressing the potential state tax-related ramifications arising from employee teleworking arrangements due to the COVID-19 pandemic, Maine Revenue Services (MRS) now explains that for tax years beginning in 2020, Maine residents may be eligible for an income tax credit that seeks to prevent double taxation as a result of some pandemic-related telework arrangements. Specifically, MRS explains that 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 Maine Governor, or declared by the jurisdiction where the employee was performing the services, is allowed to claim a Maine tax credit for income tax paid to other jurisdictions to the extent that:

URL: https://www.maine.gov/revenue/sites/maine.gov.revenue/files/inline-files/ta_apr2021_vol31_iss10.pdf

- The services were performed during 2020 during the 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.

MRS also addresses provisions under recently enacted legislation [see LD 220 / HP 155 (2021), and *State Tax Matters*, Issue 2021-12, for more details on this new law] that generally conforms Maine's income tax to the federal Internal Revenue Code as amended through December 31, 2020 – including highlighting federal tax law changes enacted during 2020 to which Maine does *not* conform. Please contact us with any questions.

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

URL: https://dhub.blob.core.windows.net/dhub/Newsletters/Tax/2021/STM/210326_6.html

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