

## Income/Franchise:

### Maine: New Law Provides a Bright-Line Nexus Standard for Corporate Income Tax

*LD 1216 (HP 891)*, signed by gov. 6/11/21. Recently enacted legislation contains several state tax nexus-related changes, including revising Maine's corporate income tax nexus provisions to incorporate a "bright-line" economic nexus standard. Specifically, applicable to tax years beginning on or after January 1, 2022, the new law provides that a corporation has nexus with Maine for state corporate income tax purposes if it:

**URL:** [http://www.mainelegislature.org/legis/bills/display\\_ps.asp?ld=1216&PID=1456&snum=130](http://www.mainelegislature.org/legis/bills/display_ps.asp?ld=1216&PID=1456&snum=130)

- Is organized or commercially domiciled in Maine; or
- Is organized or commercially domiciled outside Maine but has property, payroll or sales in Maine exceeding any of the following thresholds for the taxable year:
  1. For property, \$250,000;
  2. For payroll, \$250,000;
  3. For sales, \$500,000; or
  4. 25% of the corporation's property, payroll, or sales.

The new law also provides that a corporation holding an interest directly or indirectly in a partnership has nexus with Maine if the partnership is organized or commercially domiciled in Maine, or if the partnership's property, payroll or sales exceeds any of these same "bright-line" nexus thresholds.

See forthcoming Multistate Tax Alert for more details on this new law, and please contact us with any questions in the meantime.

— Bob Carleo (Boston)  
Managing Director  
Deloitte Tax LLP  
rcarleo@deloitte.com

Alexis Morrison-Howe (Boston)  
Principal  
Deloitte Tax LLP  
alhowe@deloitte.com

Ian Gilbert (Boston)  
Senior Manager  
Deloitte Tax LLP  
iagilbert@deloitte.com

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