

Income/Franchise:

Maine Revenue Services Explains that Nexus Relief for Pandemic-Related Telework Ended June 30

Maine Tax Alert, Vol. 31, Issue No. 14, Me. Rev. Serv. (6/21). Following up on its earlier guidance addressing the potential state corporate income and sales and use tax nexus ramifications and temporary policy arising from employee teleworking arrangements due to the COVID-19 pandemic [see *Maine Tax Alert: Tax Relief for Telework During the COVID-19 Emergency Period*, Me. Dept. of Rev. Serv. (10/20) and *State Tax Matters*, Issue 2020-42, for more details on this earlier nexus guidance], Maine Revenue Services (MRS) now explains the following:

URL: https://www.maine.gov/revenue/sites/maine.gov.revenue/files/inline-files/ta_jun2021_vol31_iss14.pdf

URL: https://www.maine.gov/revenue/sites/maine.gov.revenue/files/inline-files/ta_oct2020_vol30_iss19.pdf

URL: https://newsletters.usdbriefs.com/2020/Tax/STM/201023_2.html

“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.”

With the end of the civil emergency, the MRS provides that “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.” Similarly, MRS explains that the end of the civil emergency terminates the Maine sales and use tax COVID-19 pandemic-related nexus policy. Accordingly, 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 Maine for sales and use tax registration and collection duty purposes for sales occurring in 2021.

MRS notes that 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. Moreover, for tax years beginning in 2021, MRS generally will not consider the presence of one or more employees in Maine 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. Please contact us with any questions.

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