

Income/Franchise:

Maine: Proposed Rules Reflect New Bright-Line Nexus Standard Under Corporate Income Tax

Proposed Reg. Section 18-125-801; Proposed Reg. Section 18-125-810, Me. Rev. Serv. (3/1/22). Maine Revenue Services (MRS) is proposing to amend “Rule 810” (Maine Unitary Business Taxable Income, Combined Reports and Tax Returns) to:

URL: <https://legislature.maine.gov/publicrulemaking/Public.aspx>

1. Reflect recent legislative changes related to factor presence nexus thresholds that apply to tax years beginning on or after January 1, 2022 [see LD 1216 / HP 891 (2021) for more details on these law changes],
URL: http://www.mainelegislature.org/legis/bills/display_ps.asp?ld=1216&PID=1456&snum=130
2. Address the utilization of income tax credits among taxable corporations that are members of a unitary group, and
3. Make certain technical changes.

Maine corporate income tax law now incorporates a “bright-line” economic nexus standard applicable to tax years beginning on or after January 1, 2022, so that a corporation generally is deemed to have nexus with Maine if it:

- 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:
 - For property, \$250,000;
 - For payroll, \$250,000;
 - For sales, \$500,000; or
 - 25% of the corporation’s property, payroll, or sales.

MRS is also proposing to amend “Rule 801” (Apportionment) to reflect the new factor presence nexus standards, provide a definition for “affiliated group,” and make certain technical changes. Comments on these proposed rule changes are due by April 8, 2022. Please contact us with any questions.

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