

Income/Franchise:

Maine Revenue Services Updates Corporate Income Tax Guidance on NOL-Related Modifications

Modifications Related to Net Operating Losses – Examples for C Corporations, Me. Rev. Serv. (4/8/22). Maine Revenue Services (MRS) updated its guidance on required corporate income tax modifications related to federal net operating losses (NOLs) in accordance with state law and applicable filing instructions on Maine corporate income tax returns. In doing so, MRS explains that, over the years, Maine has been in various stages of conformity with the federal loss carryback and carryforward rules and that Maine law currently does *not* allow any federal loss carryback, but it does permit income in future years (other than 2009, 2010 and 2011) to be offset by the amount of federal carryback not allowed on the Maine income tax return. In addition, for tax years beginning on or after January 1, 2018, MRS explains that Maine law conforms to the federal tax treatment of NOL carryforward deductions allowed under Internal Revenue Code section 172. Overall, the guidance explains Maine’s varying “nonconformity” with federal law based on the year(s) at issue, including necessary adjustments to federal taxable income through state addition and subtraction modifications applicable for select timeframes. Please contact us with any questions.

URL: https://www.maine.gov/revenue/sites/maine.gov.revenue/files/inline-files/corp_nol_guidance_2021.pdf

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