



MAINE TAX ALERT

A Publication of Maine Revenue Services for Tax Professionals

Volume 13, No. 4

November 2003

Public Communications Tel: (207) 624-9758

Amnesty Program Nears Completion



**DEADLINE FOR
AMNESTY:
NOVEMBER 30, 2003**

Toll-free: 1-866-430-3161
www.mainetaxamnesty.org

The 2003 Maine Tax Amnesty Program is now in its final week. The Maine Revenue Services Amnesty Center at the Capitol Shopping Center, 150 Western Avenue, Augusta, Maine, will be closed on November 27th in observance of Thanksgiving Day. However, walk-in assistance is available on Monday, Tuesday, Wednesday and Friday from 8:00 am to 5:00 pm and on Saturday and Sunday, November 29th and 30th from 8:00 am to noon. For telephone assistance call 1-866-430-3161. Amnesty applications postmarked by December 1, 2003 will be accepted.

The program, scheduled to end on November 30, 2003, has been very successful so far. As of November 17, 2003, \$13,549,820 had been received through the program. Nearly 17,000 taxpayers have taken advantage of the relief provided under the program.

Even though time is running out, there is still time to review tax filings and records to be sure the appropriate amount of tax has been reported and paid. One area of tax reporting that is often overlooked and frequently misunderstood is the Maine Use Tax for individuals and businesses.

Additional tax amnesty information is available by calling Toll Free 1-866-430-3161 or by visiting our web site at www.mainetaxamnesty.org.

2003 Pass-through Entity Withholding Program

Maine Revenue Services has finalized the following 2003 pass-through entity withholding forms:

- **Form 941P-ME.** This form is used to report withholding for nonresident members. The form, along with any required payment, is due January 31, 2004.
- **Withholding Listing.** This is an attachment to Form 941P-ME providing a breakdown of withholding for each nonresident member.
- **Form 1099ME.** Form 1099ME must be provided to each nonresident member for whom a pass-through entity withholding has been made. The form must show the total amount withheld for the year for that member and must be issued to all affected nonresident members by February 16, 2004. The nonresident member will attach a copy of the form to their Maine income tax return when claiming a credit for the amount withheld. You may photocopy Form 1099ME if additional copies are needed. Note that Form 1099ME is different from an

ordinary Form 1099 in that income is not reported on the form. The nonresident member will continue to get income information from federal Schedule K-1.

A notice summarizing the 2003 program will be mailed within two weeks to all pass-through entities registered for pass-through withholding with MRS. The mailing will include copies of the forms listed above.

Downloadable versions of the 2003 forms are now available on the Maine Revenue Services Web site at www.maine.gov/revenue.

Pass-through entities may be exempt from the withholding requirement for 2003:

- If none of the members of the entity exceed \$1,000 of Maine-source distributable income for the year, withholding is automatically waived. If only some of the members have distributable income less than \$1,000, withholding is waived for those members.
- If all nonresident members have made sufficient estimated payments for the year, the withholding requirement is waived. The entity should keep on file, a written statement from each member, claiming that estimated payments have been and will continue to be paid.
- If all nonresident members will be included in a composite return filed by the entity, the withholding requirement is waived. Again, the entity should keep a written statement on file for each nonresident member, allowing the entity to file a composite return on behalf of its nonresident members. Final estimated payments for composite returns are due January 15, 2004.
- Other exemptions are granted in writing only. If an entity believes that it should be exempt, it must apply in writing as soon as possible. **Please note: Although Form 941P-ME states a deadline of December 1, it is incorrect. Maine Revenue Services will accept applications beyond that date.**

More information on exemptions is included in the instructions of the 2003 Form 941P-ME.

Note: If all of the nonresident members of a pass-through entity that is already registered with MRS are exempt from the 2003 withholding requirement due to one or more of the exemptions described above and the entity wishes to cancel its account, they must call or write Maine Revenue Services.

For more information on the pass-through entity withholding program, including FAQs, see <http://www.maine.gov/revenue> or call 207-626-8475 (option 4).

Tax Violations Hot Line

Maine Revenue Services has designated 1 (207) 624-9600 as its Tax Violations Hot Line. Persons reporting apparent tax violations to Maine Revenue Services, including failure to file returns or the failure to report all income or all the tax that is due, should use this number. Incoming calls will be taken by a team of MRS Compliance Division staff trained in evaluating such reports and determining the appropriate course of action. The tax violations hot line will be published in all Maine Revenue Services 2003 tax booklets.

Business Equipment Tax Reimbursement (BETR) Program Application Deadline: December 31, 2003

The 2003 BETR application form for reimbursement of eligible personal property taxes paid during calendar year 2002 must be filed by December 31, 2003. An extension to file a BETR claim may be granted through March 1, 2004 for "good cause." The extension request must be made in writing to Maine Revenue Services, PO Box 9107, Augusta, ME 04332-9107 and must state the date the taxes were paid and the reason an extension is needed.

Application forms can be downloaded at www.maine.gov/revenue (*select Forms/Publications*) or by calling (201) 624-7894. Forms are also available at municipal offices.

New Economist joins Maine Revenue Services

Last session the Legislature approved an additional economist position for the Economic Research Division within Maine Revenue Services. After an extensive search, John Nyada was selected for the new position. John received his Ph.D. in resource economics from the University of Massachusetts and for the last 13 years has been an economist with Central Maine Power Company. At CMP John developed electricity sales forecasts for the industrial sector as well as large commercial accounts. John's extensive experience in economic modeling and forecasting will provide the research division with additional expertise during the busy legislative session.

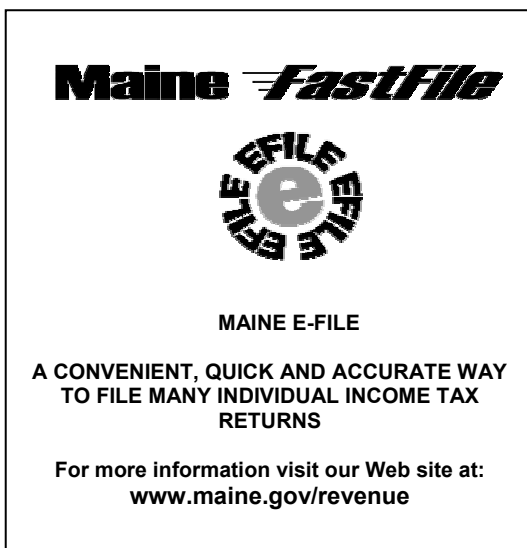
Offers in Compromise

Offers in compromise submitted in reconsideration matters that are pending in the Maine Revenue Services Appellate Division will be reviewed by the Compliance Division. Taxpayers submitting offers should direct them to Errol Dearborn, Director. This applies both to offers based upon doubt as to liability, doubt as to collectibility, or both.

Interest Rate Established

Pursuant to the Maine Revised Statutes, Title 36, section 186, the interest rate that Maine Revenue Services (MRS) charges for the next calendar year is set at the highest prime rate on the first business day of September rounded to the next highest percent plus two percentage points. The prime rate as of September 2nd was 4%.

Maine Revenue Services has set the annual interest rate for calendar year 2004 at 6%; that is, .50% compounded monthly for each month or fraction thereof that the tax remains unpaid. The effective annual rate of interest is 6.1678%. This rate must also be paid on overpayments of tax.



<u>Department</u>	<u>Telephone Numbers</u>	<u>FAX Numbers</u>	<u>E-mail Addresses</u>
Taxpayer Service Center	(207) 287-2076	(207) 287-5855	
Central Registration	(207) 287-2338	(207) 287-3733	division.uctax@maine.gov
Collections & Compliance	(207) 624-9595	(207) 287-6627	compliance.tax@maine.gov
Corporate Tax	(207) 624-9670	(207) 624-9694	corporate.tax@maine.gov
E-file Help Desk	(207) 624-9730	(207) 624-9740	efile.helpdesk@maine.gov
Economic Research	(207) 287-6965	(207) 287-3618	
Electronic Funds Transfer	(207) 287-8276	(207) 287-6627	efunds.transfer@maine.gov
Estate Tax	(207) 626-8480	(207) 624-9694	income.tax@maine.gov
Fuel Tax	(207) 624-9745	(207) 287-6628	fuel.tax@maine.gov
Forms Request Line	(207) 624-7894	(207) 622-3517	
Income Tax Assistance	(207) 626-8475	(207) 624-9694	income.tax@maine.gov
Insurance Premium Tax	(207) 624-9582	(207) 624-9694	
Payment Plan/Income Tax	(207) 621-4300	(207) 621-4328	compliance.tax@maine.gov
Payment Plan/Other	(207) 624-9595	(207) 287-6627	compliance.tax@maine.gov
Practitioners' Hotline	(207) 626-8458	(207) 624-9694	
Property Tax	(207) 287-2011	(207) 287-6396	prop.tax@maine.gov
Public Communications	(207) 624-9684	(207) 624-9694	
Sales Tax	(207) 624-9693	(207) 287-6628	sales.tax@maine.gov
Taxpayer Advocate	(207) 624-9649	(207) 287-3618	taxpayer.advocate@maine.gov
TTY Service	(207) 287-4477	-----	
Withholding Tax	(207) 626-8475	(207) 624-9694	withholding.tax@maine.gov
Tax Violations Hot Line	(207) 624-9600		

This publication is designed to keep taxpayers, tax practitioners and the general public informed of developments, problems, questions and matters of general interest concerning Maine tax law, policy and procedure. The articles in this newsletter are not designed to address complex issues in detail, and they are not a substitute for Maine tax laws and/or regulations.

STATE OF MAINE

John Elias Baldacci, Governor

**Rebecca M. Wyke, Commissioner
Administrative and Financial Services**

**Jerome D. Gerard, Acting Executive
Director, Maine Revenue Services**

Suggestions for the Tax Alert?

**Please contact: Public Communications
624-9758**

**Maine Revenue Services
24 State House Station
Augusta, Maine 04333-0024**