

PLEASE NOTE: Legislative Information **cannot** perform research, provide legal advice, or interpret Maine law. For legal assistance, please contact a qualified attorney.

An Act To Amend the Nonresident Income Tax Filing Requirements

Be it enacted by the People of the State of Maine as follows:

Sec. 1. 36 MRSA §5142, sub-§8-A, as enacted by PL 2005, c. 332, §22 and as affected by §30, is repealed.

Sec. 2. 36 MRSA §5142, sub-§8-B is enacted to read:

8-B. Minimum taxability threshold. Minimum taxability thresholds for nonresidents are as follows.

A. Compensation for personal services performed in the State as an employee is Maine-source income, subject to taxation under this Part, if the nonresident taxpayer is present in the State performing personal services for more than 45 days during that taxable year.

B. Performance of the following personal services for any number of days during a taxable year may not be counted towards the 45-day threshold under paragraph A:

(1) Personal services performed in connection with presenting or receiving employment-related training or education;

(2) Personal services performed in connection with a site inspection, review, analysis of management or any other supervision of a Maine-based affiliate or subsidiary by a representative from a parent company not headquartered in this State;

(3) Personal services performed in connection with research and development at a Maine-based facility or connected with installation of new or upgraded equipment or systems; or

(4) Personal services performed as part of a project team working on attraction or implementation of new investment in a Maine-based facility.

Sec. 3. 36 MRSA §5220, sub-§2, as amended by PL 2005, c. 332, §23, is further amended to read:

2. Nonresident individuals. Every nonresident individual who, pursuant to this Part, has a Maine individual income tax liability for the taxable year. An individual whose only Maine-source income is compensation for personal services performed in Maine that is excluded from Maine adjusted gross income by the threshold contained in section 5142, subsection 8-A8-B is not subject to taxation under this Part and need not file a return;

Sec. 4. Application. This Act applies to tax years beginning on or after January 1, 2007.

SUMMARY

This bill amends the minimum taxability threshold for nonresidents by increasing from 10 to 45 the number of days a nonresident must be performing personal services in Maine before the compensation is considered Maine-source income. This bill also establishes a number of personal services that, when performed in Maine, do not count towards the 45-day threshold.