

## 125th MAINE LEGISLATURE

## **FIRST REGULAR SESSION-2011**

**Legislative Document** 

No. 549

H.P. 432

House of Representatives, February 15, 2011

An Act Regarding the Recognition of Corporate Entities for Tax Purposes

Reference to the Committee on Taxation suggested and ordered printed.

HEATHER J.R. PRIEST Clerk

Presented by Representative KNIGHT of Livermore Falls. Cosponsored by Senator MASON of Androscoggin.

1	Be it enacted by the People of the State of Maine as follows:
2	Sec. 1. 36 MRSA §194-A is enacted to read:
3	§194-A. Corporations
4 5 6	1. Corporate entity. A corporate entity formed in accordance with Title 13, Title 13-B or Title 13-C, or under similar provisions of the laws of another state, must be recognized for purposes of this Title if it either:
7 8	A. Has a business purpose; or  B. Conducts business activity.
9 10 11	2. Owner of income of corporation. A corporate entity recognized under subsection 1 must be regarded as the true owner of all income paid or payable to the entity, including, but not limited to, any distributive share income of the entity.
12	SUMMARY
13 14 15	This bill clarifies that the State recognizes a corporation as a separate entity for tax purposes and provides that income of the corporation is taxable as income of the corporation rather than the owner of a distributive share of the income.