

# MAINE STATE LEGISLATURE

The following document is provided by the  
**LAW AND LEGISLATIVE DIGITAL LIBRARY**  
at the Maine State Law and Legislative Reference Library  
<http://legislature.maine.gov/lawlib>



Reproduced from scanned originals with text recognition applied  
(searchable text may contain some errors and/or omissions)

---

---

# ONE HUNDRED AND SEVENTH LEGISLATURE

---

---

**Legislative Document**

**No. 1874**

---

---

H. P. 1569

House of Representatives, May 6, 1975

Approved for introduction by a Majority of the Committee on Reference of Bills pursuant to Joint Rule 10. Referred to the Committee on Taxation. Sent up for concurrence and ordered printed.

EDWIN H. PERT, Clerk

Presented by Mr. Drigotas of Auburn.

---

---

## STATE OF MAINE

IN THE YEAR OF OUR LORD NINETEEN HUNDRED  
SEVENTY-FIVE

---

---

### AN ACT to Require the Filing of Estimated Income Tax Returns by Corporations.

---

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

Sec. 1. 36 MRSA § 5228, as last amended by PL 1971, c. 61, § 5, is repealed and the following enacted in place thereof:

#### § 5228. Declarations of estimated tax

1. Requirement of declaration; individual; corporations. Every resident and nonresident individual shall make a declaration of his estimated tax for the taxable year, in such form as the assessor may prescribe if his adjusted gross income, in the case of a nonresident from sources within this State, other than from wages on which tax is withheld under this Part, can reasonably be expected to exceed \$2,000 plus the sum of the personal exemptions to which he is entitled.

For all taxable corporations whose taxable year ends on or after January 1, 1976, a declaration of its estimated tax for the taxable year must be filed by the corporation if its Maine taxable income is expected to exceed \$800 for that taxable year.

2. Estimated tax defined. The term "estimated tax" means the amount which the individual or taxable corporation estimates to be the income tax under this Part for the taxable year less the amount which is estimated to be the sum of any credits allowable. The estimated tax shall be no less than the smaller of the following:

A. An amount equal to the preceding year's Maine income tax liability, using the current year's tax rates, if such preceding year was a taxable year of 12 months;

B. Eighty per cent of the tax liability for the current year.

3. Joint declaration of husband and wife. If they are eligible to do so for federal tax purposes, a husband and wife may make a joint declaration of estimated tax as if they were one taxpayer, in which case the liability with respect to the estimated tax shall be joint and several. If a joint declaration is made but husband and wife elect to determine their taxes under this chapter separately, the estimated tax for such year may be treated as the estimated tax of either husband or wife, or may be divided between them, as they may elect.

4. Amendment of declaration. An individual or taxable corporation may amend a declaration under regulations prescribed by the assessor.

5. Return or declaration as amendment. If on or before January 31st, or March 1st in the case of an individual referred to in section 5229, subsection 2, of the succeeding taxable year an individual or taxable corporation files the return for the taxable year for which the declaration is required, and pays in full the amount shown on the return as payable, such return (1) shall be considered as his declaration if no declaration was required to be filed during the taxable year, but is otherwise required to be filed on or before January 15th, or (2) shall be considered as the amendment permitted by subsection 4 to be filed on or before January 15th if the tax shown on the return is greater than the estimated tax shown in a declaration previously made.

6. Short taxable year. An individual or taxable corporation having a taxable year of less than 12 months shall make a declaration in accordance with regulations of the assessor.

7. Declaration for individual under a disability. The declaration of estimated tax for an individual under a disability shall be made and filed in the manner provided in section 5222, subsection 2 for an income tax return.

Sec. 2. 36 MRSA § 5229, sub-§ 1, first ¶, as last amended by PL 1971, c. 61, § 6, is further amended to read:

A declaration of estimated tax of an individual or taxable corporation other than a farmer or fisherman shall be filed on or before April 15th of the taxable year, except that if the requirements of section 5228 are first met:

Sec. 3. 36 MRSA § 5229, sub-§ 3, as enacted by P & SL 1969, c. 154, section F, is amended to read:

3. Declaration of estimated tax of \$40 or less. A declaration of estimated tax of an individual or taxable corporation having a total estimated tax for the taxable year of \$40 or less may be filed at any time on or before January 15th of the succeeding taxable year under regulations prescribed by the assessor.

Sec. 4. 36 MRSA § 5229, sub-§ 5 is enacted to read:

5. Transitional rule. For taxable corporations whose taxable year ends on or after January 1, 1976, the declaration of estimated tax and payment thereof, as described in this Part, will be made on a basis retroactive to the beginning of their taxable year.

Example 1: Corporation A has a taxable year ending March 31, 1976. Corporation A must declare its estimated tax for the year ended March 31, 1976 and make payment thereof on April 15, 1976.

Example 2: Corporation B has a taxable year ending April 30, 1976. Corporation B must declare its estimated tax for the year ended April 30, 1976 on January 15, 1976. Payment of 1/2 of the estimated tax is due on January 15, 1976 and payment of the remaining 1/2 of the estimated tax is due on May 15, 1976.

Sec. 5. 36 MRSA § 5230, sub-§§ 6 and 7, as enacted by P & SL 1969, c. 154, section F, are amended to read:

6. Installments paid in advance. At the election of the individual or taxable corporation, any installment of the estimated tax may be paid prior to the date prescribed for its payment.

7. Payment of account. Payment of the estimated ~~income~~ tax or any installment thereof, shall be considered payment on account of the ~~income~~ tax imposed under this Part for the taxable year.

Sec. 6. 36 MRSA § 5274, sub-§ 3, as enacted by P & SL 1969, c. 154, section F, is repealed and the following enacted in place thereof:

3. Failure by individual or taxable corporation to file declaration of underpayment of estimated tax. If any taxpayer fails to file a declaration of estimated tax, as prescribed under sections 5228 and 5229 or fails to pay all or any part of an installment of any tax, as prescribed under section 5230, there shall be deemed to have been made an underpayment of estimated tax, and there shall be added to the amount required to be paid under this Part a penalty at the rate of 3/4 of 1% for each month or fraction thereof based on the amount of the underpayment for the period of the underpayment. The assessor may prescribe by regulation the method for determining the amount of the underpayment and the period of the underpayment.

FISCAL NOTE

It is estimated that passage of this bill will result in a gain of revenue to the State as follows:

	1975-76	1976-77
	\$9,000,000	—

Administration costs would be as follows:

	1975-76	1976-77
Personal Services	—	—
All Other	\$15,000	\$10,000
Capital Expenditures	—	—

## STATEMENT OF FACT

The purpose of this bill is to provide for the collection of corporate income tax when earned. This bill will bring the collection of the Maine corporate income tax into conformity with the Maine individual income tax, the majority of other states and the Federal Government.