

MAINE STATE LEGISLATURE

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FIRST REGULAR SESSION

ONE HUNDRED AND TENTH LEGISLATURE

Legislative Document

No. 1156

H. P. 965

House of Representatives, March 6, 1981

Referred to the Committee on Taxation. Sent up for concurrence and ordered printed.

EDWIN H. PERT, Clerk

Presented by Representative O'Rourke of Camden.

STATE OF MAINE

IN THE YEAR OF OUR LORD NINETEEN HUNDRED AND EIGHTY-ONE

AN ACT to Provide Deductions and Credits under the State Income Tax for Certain Foreign Taxes.

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

Sec. 1. 36 MRSA § 5125, sub-§ 1, ¶ A, as enacted by P&SL 1969, c. 154, § F, is amended to read:

A. Reduced by any amount thereof representing (i) income taxes imposed by this State or any other taxing jurisdiction and (ii) interest or expenses incurred in the production of income except from tax under this Part ~~and~~;

Sec. 2. 36 MRSA § 5125, sub-§ 1, ¶ B, as enacted by P&SL 1969, c. 154, § F, is amended to read:

B. Increased by the amount of interest or expensed incurred in the production of income taxable under this Part but exempt from federal income tax (and which has not been deducted in determining federal adjusted gross income); ~~and~~

Sec. 3. 36 MRSA § 5125, sub-§ 1, ¶ C is enacted to read:

C. Increased by the amount of taxes imposed on an individual for the taxable year by any United States tax convention country. This deduction may not be taken if itemized as a federal deduction or if a credit is claimed for those taxes under section 5127.

Sec. 4. 36 MRSA § 5127, sub-§ 1, ¶ A, as enacted by PL 1977, c. 424, § 1, is amended to read:

A. A resident individual shall be allowed a credit against the tax otherwise due under this Part for the amount of any income tax imposed on him for the taxable year by another state of the United States, a political subdivision thereof, the District of Columbia, ~~or~~ any Canadian Province **or any United States tax convention country** on income derived from sources therein and which is also subject to tax under this part. **A copy of the tax return filed with or required by the other jurisdiction must accompany the individual's tax return.**

STATEMENT OF FACT

The purpose of this bill is to provide a deduction or a tax credit under the state income tax for taxes imposed by foreign jurisdictions.