

MAINE STATE LEGISLATURE

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122nd MAINE LEGISLATURE

FIRST REGULAR SESSION-2005

Legislative Document

No. 236

H.P. 175

House of Representatives, January 18, 2005

An Act To Change Nonresident Income Tax Filing Requirements

Reference to the Committee on Taxation suggested and ordered printed.

Millicent M. MacFarland
MILLICENT M. MacFARLAND
Clerk

Presented by Representative McCORMICK of West Gardiner.
Cosponsored by Senator COURTNEY of York and
Representative: EDGECOMB of Caribou.

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

4 **Sec. 1. 36 MRSA §5142, sub-§8**, as repealed and replaced by PL
6 2003, c. 673, Pt. E, §1 and affected by §3, is repealed and the
8 following enacted in its place:

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

10 A. Compensation for personal services performed in the
12 State as an employee is Maine-source income, subject to
14 taxation under this Part, if the nonresident taxpayer was
16 present in Maine performing personal services for more than
20 days during the taxable year and directly earns or
derives more than \$6,000 in gross income during the year in
the State from all sources.

18 B. A nonresident individual who is present for business in
20 the State on other than a systematic or regular basis,
22 either directly or through agents or employees, has
24 Maine-source income derived from or effectively connected
with a trade or business in Maine and subject to taxation
under this Part only if the nonresident individual earns or
derives more than \$6,000 of gross income during the taxable
year from contractual or sales-related activities.

26 **Sec. 2. Application.** That section of this Act that repeals
28 and replaces the Maine Revised Statutes, Title 36, section 5142,
30 subsection 8 applies to tax years beginning on or after January
32 1, 2005.

34 SUMMARY

36 This bill increases the minimum taxability thresholds that
38 establish an income tax liability for nonresidents. It increases
40 the number of days worked in Maine that trigger a nonresident
income tax liability from 11 days per year to 21 days per year
and establishes \$6,000 as the amount of gross income that must be
earned before the nonresidents' income is subject to taxation.