

# MAINE STATE LEGISLATURE

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# 125th MAINE LEGISLATURE

## FIRST REGULAR SESSION-2011

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Legislative Document

No. 549

H.P. 432

House of Representatives, February 15, 2011

### An Act Regarding the Recognition of Corporate Entities for Tax Purposes

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Reference to the Committee on Taxation suggested and ordered printed.

A handwritten signature in cursive script that reads "Heather J.R. Priest".

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 **1. Corporate entity.** A corporate entity formed in accordance with Title 13, Title  
5 13-B or Title 13-C, or under similar provisions of the laws of another state, must be  
6 recognized for purposes of this Title if it either:

7 A. Has a business purpose; or

8 B. Conducts business activity.

9 **2. Owner of income of corporation.** A corporate entity recognized under  
10 subsection 1 must be regarded as the true owner of all income paid or payable to the  
11 entity, including, but not limited to, any distributive share income of the entity.

12 **SUMMARY**

13 This bill clarifies that the State recognizes a corporation as a separate entity for tax  
14 purposes and provides that income of the corporation is taxable as income of the  
15 corporation rather than the owner of a distributive share of the income.