



MAINE TAX ALERT

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2016 Income Tax Withholding Changes

A number of Maine tax law changes were made in 2015 that effect Maine income tax withholding in 2016. This includes the establishment of new taxable income rate brackets of 5.8%, 6.75% and 7.15%. Although the 2016 Maine personal exemption amount (\$4,050) is the same as the federal exemption amount, the Maine basic standard deduction amounts are different, increased to \$11,600 for single and \$23,200 for married individuals filing joint returns. In addition, the Maine standard deduction amounts are phased out for single taxpayers with Maine income over \$70,000 and married taxpayers filing joint returns with Maine income over \$140,000. For a complete summary of Maine tax law changes, see www.maine.gov/revenue/rules/legischange15.htm.

The percentage method for calculating Maine withholding (see pages six & seven of the 2016 Maine withholding tables booklet available at www.maine.gov/revenue/forms/with/2016.htm) and the withholding tables have been adjusted to reflect the law changes. For example, the exemption amount in Step 2 on page six of the booklet has been increased to \$4,050 and Step 3 (previously an adjustment for nonresident aliens) has been replaced with a calculation for the phase-out of the standard deduction amounts. Also note the new tax rate schedules in Step 5 on page six and the new Example 3 on page seven.

Employers are encouraged to alert employees of the numerous tax law changes that take effect in 2016 and provide them opportunity to submit new Forms W-4ME to request a change in the Maine withholding amount. Maine Form W-4ME is available at www.maine.gov/revenue/forms/with/2016.htm.

If you have any questions about Maine income tax withholding, please call 207 626-8475 (press 1, option 4) or email withholding.tax@maine.gov.

Sales and Use Tax – Sales Tax Bulletins Revised

The following sales tax bulletins have been revised to reflect legislative changes from the First Regular Session of the 127th Maine Legislature. Highlights of these changes can also be found in the General Information Bulletin No. 105 issued on September 1, 2015. All bulletins can be found at <http://www.maine.gov/revenue/salesuse/salestax/bulletinssales.htm>.

Bulletin 9 – Casual and Infrequent Sales

Bulletin 10 – Retailers of Food Products (previously known as “Grocers”)

Bulletin 13 – Sales of Fuel and Utilities

Bulletin 27 – Sales of Prepared Food

Bulletin 39 – Sale Price Upon Which Tax is Based

In addition to legislative changes, clarifications were made to the following bulletins:

Bulletin 24 – Vehicle Dealers

- Clarifies that all-terrain vehicles are “automobiles” for sales tax purposes. Short term rentals of ATVs are subject to 10% tax and sales of extended warranties on ATVs are taxable at 5.5%.
- Clarifies that the exemption for watercraft sold to nonresidents for removal from Maine also includes repair parts incorporated in such watercraft.
- Clarifies that “temporary storage” with regard to watercraft owned by nonresidents includes days while in winter storage and days while being repaired.

Bulletin 32 – Rental of Living Quarters

- Clarifies that an exemption for an organization does not pass through to its employees.
- Clarifies that combined room and meals (including continental breakfast) sold for one bundled price is taxable at the lodging rental rate.
- Clarifies that an overnight visitor fee at a campground is taxable while a day visitor fee is exempt.
- Clarifies that complimentary food and drink provided in a hotel lobby is subject to use tax to the hotel.

<u>Department</u>	<u>Telephone Numbers</u>	<u>FAX Numbers</u>	<u>E-mail Addresses</u>
Taxpayer Service Center	(207) 626-8475	(207) 287-5855	
Central Registration	(207) 624-5644	(207) 287-6975	taxregistration@maine.gov
Collections & Compliance	(207) 624-9595	(207) 287-6627	compliance.tax@maine.gov
Corporate Tax	(207) 624-9670	(207) 624-9694	corporate.tax@maine.gov
E-file Help Desk (1040 ONLY)	(207) 624-9730	(207) 287-6628	efile.helpdesk@maine.gov
Electronic Funds Transfer	(207) 624-5625	(207) 287-3618	efunds.transfer@maine.gov
Estate & Fiduciary Tax	(207) 626-8480	(207) 624-9694	estatetax@maine.gov
Fuel & Special Taxes	(207) 624-9609	(207) 287-6628	fuel.tax@maine.gov
Forms Request Line	(207) 624-7894		
Individual Income Tax Assistance	(207) 626-8475	(207) 624-9694	income.tax@maine.gov
Insurance Premium Tax	(207) 624-9753	(207) 624-9694	
NexTalk (TTY Service)	(888) 577-6690		
Payment Plan/Income Tax	(207) 621-4300	(207) 621-4328	compliance.tax@maine.gov
Payment Plan/Other	(207) 624-9595	(207) 287-6627	compliance.tax@maine.gov
Practitioners' Hotline	(207) 626-8458	(207) 624-9694	
Property Tax	(207) 624-5600	(207) 287-6396	prop.tax@maine.gov
Public Communications	(207) 626-8478	(207) 624-9694	
Sales Tax	(207) 624-9693	(207) 287-6628	sales.tax@maine.gov
Tax Clearance Letters	(207) 624-9628	(207) 287-6627	
Office of Tax Policy	(207) 624-9789	(207) 287-3618	
Taxpayer Advocate	(207) 624-9649	(207) 287-3618	taxpayer.advocate@maine.gov
Withholding Tax	(207) 626-8475	(207) 624-9694	withholding.tax@maine.gov
Tax Violations Hot Line	(207) 624-9600		

This publication is designed to keep taxpayers, tax practitioners and the general public informed of developments, problems, questions and matters of general interest concerning Maine tax law, policy and procedure. The articles in this newsletter are not designed to address complex issues in detail, and they are not a substitute for Maine tax laws and/or regulations.

Suggestions for the Tax Alert?

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