

Amend LD 220 Part I, Sec.I-1 as follows:

Current

Part I

Sec. I-1. Credit for income tax paid to other taxing jurisdictions. For tax years beginning in 2020, when determining whether compensation for personal services performed as an employee teleworking from a location in Maine shall be treated as derived from sources in another jurisdiction for purposes of the credit for income tax paid to other taxing jurisdictions, allowed pursuant to Maine Revised Statutes, Title 36, section 5217-A, the compensation is sourced to that jurisdiction, notwithstanding section 5142, if:

1. The employee was engaged in performing services from a location outside of Maine immediately prior to a COVID-19 state of emergency declared by either Maine or the state where the employee was engaged in performing said services;
2. The employee commenced working remotely from Maine due to the COVID-19 pandemic and during either state's state of emergency;
3. The services were performed prior to January 1st, 2021 and during either jurisdiction's state of emergency;
4. The compensation is sourced by that jurisdiction as derived from or connected with sources in that jurisdiction under the law of that jurisdiction; and
5. The employee does not qualify for an income tax credit in that jurisdiction for Maine income taxes paid as a result of the compensation.

Revised

Part I

Sec. I-1. Credit for income tax paid to other taxing jurisdictions. For tax years beginning in 2020, when determining whether compensation for personal services performed as an employee teleworking from a location in Maine shall be treated as derived from sources in another jurisdiction for purposes of the credit for income tax paid to other taxing jurisdictions, allowed pursuant to Maine Revised Statutes, Title 36, section 5217-A, the compensation is sourced to that jurisdiction, notwithstanding section 5142, if:

1. The employee was engaged in performing services from a location outside of Maine immediately prior to a COVID-19 state of emergency declared by either Maine or the state where the employee was engaged in performing said services;

2. The employee commenced working remotely from Maine, as to those services or proportion of services referred to in subsection 1, due to the COVID-19 pandemic and during either state's state of emergency;

3. The services were performed prior to January 1st, 2021 and during either jurisdiction's state of emergency;

4. The compensation is sourced by that jurisdiction as derived from or connected with sources in that jurisdiction under the law of that jurisdiction; and

5. The employee does not qualify for an income tax credit in that jurisdiction for Maine income taxes paid as a result of the compensation.

The State Tax Assessor may adopt routine technical rules as defined in Title 5, chapter 375, subchapter 2-A as necessary to implement this section.

PART I SUMMARY

Section I-1 is revised to clarify that the remote work in Maine must have commenced due to the COVID-19 pandemic and during either state's state of emergency with respect to those services or proportion of services previously performed outside of Maine. The section is also revised to provide that the State Tax Assessor may adopt rules as necessary to implement the section.

Amend LD 220 Part L by deleting the current Part and leaving it blank.

Replace the current Part V in LD 220 Change Package #1 with the following new language:

PART V

Sec. V-1. 36 MRS §5122, sub-§1, ¶OO is enacted to read:

OO. For each taxable year beginning after January 1, 2019, the amount of any loans made to the taxpayer under the Paycheck Protection Program that receive loan forgiveness treatment pursuant to Section 1106 of the Coronavirus Aid, Relief, and Economic Security Act (Public Law 116-136), the Paycheck Protection Program and Health Care Enhancement Act (Public Law 116-139), the Paycheck Protection Program Flexibility Act of 2020 (Public Law 116-142) or the Consolidated Appropriations Act, 2021 (Public Law 116-260), to the extent that it exceeds \$1,000,000 and that a deduction is claimed for federal income tax purposes pursuant to Division N, Section 276 of the Consolidated Appropriations Act, 2021 for expenses that qualify for and are a basis of said loan forgiveness. In the case of a partnership or other pass-through entity, the \$1,000,000 threshold is applied at the entity level.

For loans not forgiven during the taxable year, the modification must be calculated as if the loans had been forgiven during the taxable year if the taxpayer reasonably expects to receive forgiveness, even if the taxpayer has not submitted an application for forgiveness. If the actual forgiveness, including a denial of forgiveness or decision not to seek forgiveness, differs from said expectations, the taxpayer may file an amended return.

Sec. V-2. 36 MRS §5200-A, sub-§1, ¶II is enacted to read:

JJ. For each taxable year beginning after January 1, 2019, the amount of any loans made to the taxpayer under the Paycheck Protection Program that receive loan forgiveness treatment pursuant to Section 1106 of the Coronavirus Aid, Relief, and Economic Security Act (Public Law 116-136), the Paycheck Protection Program and Health Care Enhancement Act (Public Law 116-139), the Paycheck Protection Program Flexibility Act of 2020 (Public Law 116-142) or the Consolidated Appropriations Act, 2021 (Public Law 116-260), to the extent that it exceeds \$1,000,000 and that a deduction is claimed for federal income tax purposes pursuant to Division N, Section 276 of the Consolidated Appropriations Act, 2021 for expenses that qualify for and are a basis of said loan forgiveness.

For loans not forgiven during the taxable year, the modification must be calculated as if the loans had been forgiven during the taxable year if the taxpayer reasonably expects to receive forgiveness, even if the taxpayer has not submitted an application for forgiveness. If the actual forgiveness, including a denial of forgiveness or decision not to seek forgiveness, differs from said expectations, the taxpayer may file an amended return.

Sec. V-3. Retroactivity. This Part applies retroactively to tax years beginning after January 1, 2019.

PART V SUMMARY

This Part requires an addition modification for calculating taxable income for Maine income tax purposes of the amount of any loans made to the taxpayer under the federal Paycheck Protection Program pursuant to the CARES Act, and subsequent amending Acts, that receive, or are reasonably expected to receive, loan forgiveness treatment to the extent that it exceeds \$1,000,000 and that a deduction is claimed for federal income tax purposes pursuant to Division N, Section 276 of the Consolidated Appropriations Act, 2021 for expenses that qualify for and are a basis of the loan forgiveness. If the actual forgiveness, including a denial of forgiveness or decision not to seek forgiveness, differs from the expectations, the taxpayer may file an amended return. The addition modification applies to taxable years beginning after January 1, 2019.

Amend current Part W in LD 220 Change Package #1 by deleting the current Part and leaving it blank.