

## Maine Governor Announces COVID-19 Tax Guidance

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On October 16, 2020, Maine Governor Janet Mills issued a press release addressing several COVID-19-related tax issues, and Maine Revenue Services today issued [guidance](#) providing further details.

### Proposed Legislation to Avoid Double-Taxation

Governor Mills has pledged to introduce legislation in January to ensure that Maine residents avoid double-taxation as a result of COVID-19-related telework in Maine. The proposed tax credit would apply to income tax paid to other taxing jurisdictions (such as Massachusetts) if that jurisdiction is asserting an income tax obligation for the same income despite the employee no longer physically working in that jurisdiction due to COVID-19. According to Maine Revenue Services, this legislation will apply to tax years beginning in 2020.

This proposal appears to be a reaction to a controversial Massachusetts emergency [regulation](#) that purports to allow the Commonwealth to continue imposing its income tax on nonresidents who worked in Massachusetts pre-COVID-19, if those nonresidents are physically working in another state due to the pandemic. New Hampshire is reportedly filing a suit in the United States Supreme Court challenging this Massachusetts regulation. Governor Mills' legislative proposal will be taken up when Maine's newly-elected 130th Legislature begins its work in January 2021.

### Withholding, Estimated Tax Payments, Penalty Abatement

In the interim, Maine Revenue Services will allow Maine taxpayers affected by the above issue to maintain the same withholding and estimated tax payment status used prior to the state of emergency. Maine Revenue Services has announced that it will abate penalties, upon request, for any Maine resident taxpayer who owes an estimated income tax payment from suddenly working in Maine as a result of the COVID-19 state of emergency.

## Nexus Guidance

Governor Mills has also indicated that businesses not otherwise subject to tax in Maine, but whose employees commenced telework from Maine as a result of the COVID-19 pandemic, is not by itself grounds for establishing corporate income tax and/or sales tax registration and collection nexus with the state of Maine. This policy applies to tax years beginning in 2020 for corporate income tax nexus purposes, and sales occurring in 2020 for sales tax nexus purposes.

## No information on 183-Day Issue

Neither the governor nor Maine Revenue Services has addressed whether individuals who have a permanent place of residence in Maine and unexpectedly spent more than 183 days in Maine due to the pandemic will be granted any relief from the state's normal statutory requirement that such individuals are considered Maine residents for state income tax purposes.

## Corporate Filing Deadlines

As previously announced, the October 15, 2020 filing deadlines for 2019 corporate income tax returns and franchise tax returns have been automatically extended to November 16, 2020.

## Opportunity Maine

Finally, the governor has announced that Maine will relax some of its rules applicable to the Educational Opportunity Tax Credit, known as Opportunity Maine. For example, taxpayers will be allowed to claim the Opportunity Maine credit for completed student loan payments even if their student loans were subject to deferment of forbearance, including those federal student loans placed into automatic forbearance by the CARES Act, provided all other eligibility criteria are met. In addition, for Mainers who were employed in Maine prior to, or during, the pandemic, and who became unemployed as a result of the pandemic, Governor Mills has promised to introduce legislation in January to allow them to take advantage of the Opportunity Maine Tax Credit. Maine Revenue Services announced today that it is in the process of submitting emergency rulemaking to the Secretary of State to implement these Opportunity Maine changes.

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