

PLEASE NOTE: Legislative Information **cannot** perform research, provide legal advice, or interpret Maine law. For legal assistance, please contact a qualified attorney.

## **An Act To Amend the Laws Governing the Taxation of Partnerships**

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

**Sec. 1. 36 MRSA §5192, sub-§7** is enacted to read:

**7. Professional service partnerships.** In the case of a professional service partnership, the aggregate amount of income that may be considered as derived from or connected with sources in this State and allocated to all qualified nonresident partners may not exceed the total income of the partnership, as reduced by the aggregate amount of income allocated to those partners who are residents of this State or nonqualified nonresident partners. A partner is a qualified nonresident partner for purposes of this subsection for a taxable year if the partner is not present in this State performing personal services on behalf of the partnership for more than 10 days in that taxable year. For purposes of this subsection, a professional service partnership is a partnership the principal activity of which is the performance of health, law, engineering, architecture, accounting, actuarial science or consulting services.

**Sec. 2. Retroactivity.** This Act applies retroactively to all taxable years beginning on or after January 1, 2001.

### **SUMMARY**

This bill provides that in the case of a professional service partnership, the aggregate amount of income that may be considered as derived from or connected with sources in this State and allocated to all qualified nonresident partners may not exceed the total income of the partnership, as reduced by the aggregate amount of income allocated to those partners who are residents of this State or nonqualified nonresident partners.