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H.P. 851

House of Representatives, March 28, 2023

**An Act to Require a Corporation That Files a Tax Return in the
State to File a Tax Disclosure Statement**

Reference to the Committee on Taxation suggested and ordered printed.

Robert B. Hunt
ROBERT B. HUNT
Clerk

Presented by Representative MATLACK of St. George.

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

2 **Sec. 1. 13-C MRSA §1624** is enacted to read:

3 **§1624. Annual tax disclosure statement**

4 **1. Required filing of annual tax disclosure statement.** No later than 30 days
5 following the filing of a tax return under Title 36, Part 8, a corporation authorized to do
6 business in this State shall file with the Department of Administrative and Financial
7 Services, Bureau of Revenue Services in an electronic format specified by the bureau a tax
8 disclosure statement as described in subsection 2 unless excused as provided in section
9 1621, subsection 4 or excluded by section 1621, subsection 6. In the case of a corporation
10 not required to file a tax return under Title 36, Part 8, the corporation shall file the tax
11 disclosure statement within 90 days of filing a federal tax return or a federal consolidated
12 return. For purposes of this section, "corporation" includes a domestic corporation, a
13 foreign corporation and a financial institution as defined in Title 36, section 5206-D,
14 subsection 8, but does not include a qualified personal service corporation as defined in the
15 United States Internal Revenue Code of 1986, Section 448.

16 **2. Content of tax disclosure statement.** The information in the tax disclosure
17 statement under subsection 1 must include the following, as applicable:

18 A. The information required under section 1621, subsection 1;

19 B. The name and the street address of a corporation that owns, directly or indirectly,
20 50% or more of the voting stock of the corporation;

21 C. The corporation's North American Industry Classification System code number;

22 D. The unique code number assigned by the Secretary of State to identify the
23 corporation, which remains constant from year to year;

24 E. Information reported on or used in preparing a combined report required by Title
25 36, sections 5206-G and 5244 or, in the case of a corporation not required to file a
26 report under Title 36, section 5206-G or 5244, the information that would be required
27 to be reported on or used in preparing the report if the corporation were required to file
28 such a report, including as applicable:

29 (1) Total receipts of the affiliated group of which the corporation is a member;

30 (2) Total cost of goods sold claimed as a deduction from gross income by the
31 affiliated group of which the corporation is a member;

32 (3) Taxable income of the corporation and the affiliated group of which the
33 corporation is a member prior to net operating loss deductions or apportionment;

34 (4) Property, payroll and sales apportionment factors of the corporation and the
35 overall apportionment factor as calculated on the combined report;

36 (5) Total business income and nonbusiness income of the corporation apportioned
37 to the State;

38 (6) Net operating loss deduction, if any, of the corporation apportioned to the State;

39 (7) Total tax before credits;

1 (8) Each tax credit claimed and accumulated tax credit carry-overs, enumerated by
2 credit;

3 (9) Alternative minimum tax due; and

4 (10) Tax due and tax paid including tax paid under protest;

5 F. Total deductions for management services fees, for rent and for royalty, interest,
6 license fee and similar payments for the use of intangible property paid to any affiliated
7 entity that is not included in the affiliated group that includes the corporation and the
8 names and principal office addresses of the entities to which the payments were made;

9 G. A description of the source of any nonbusiness income reported on the report and
10 the identification of the state to which such income was reported;

11 H. A list of all corporations included in the affiliated group that includes the
12 corporation, the corporations' state identification numbers and a listing of all variations
13 in the affiliated group that includes the corporation used in filing corporate income or
14 franchise tax returns;

15 I. Full-time-equivalent employment of the corporation in the State on the last day of
16 the tax year for which the return is being filed and for the 3 previous tax years;

17 J. In the case of a publicly traded corporation incorporated in the United States or the
18 affiliate of such a publicly traded corporation, profits before tax reported on the United
19 States Securities and Exchange Commission Form 10-K or a successor form for the
20 corporation, or the affiliated group of which the corporation is a member, for the
21 corporate fiscal year that contains the last day of the tax year for which the return is
22 filed; and

23 K. Property and payroll factors for the corporation for this State calculated on the basis
24 of combined reporting.

25 **3. Alternative tax disclosure statement.** Instead of the statement described in
26 subsection 2, a corporation doing business in this State but not required to file a tax return
27 under Title 36, Part 8 may file with the Department of Administrative and Financial
28 Services, Bureau of Revenue Services:

29 A. The information specified in subsection 2, paragraphs A to D;

30 B. An explanation of why the corporation is not required to file a corporate income tax
31 return in this State; and

32 C. A range for the corporation's total gross receipts from sales to purchasers in the tax
33 year for which the tax disclosure statement otherwise would be due.

34 **4. Supplemental information.** A corporation submitting a tax disclosure statement
35 required by this section may submit supplemental information that, in the corporation's sole
36 judgment, could facilitate proper interpretation of the information included in the
37 statement.

38 **5. Amended tax disclosure statement.** If a corporation files an amended tax return,
39 the corporation shall file a revised statement under this section within 60 calendar days
40 after the amended return is filed. If a corporation's tax liability for a tax year is changed as
41 the result of an uncontested audit adjustment or final determination by the Department of
42 Administrative and Financial Services, Bureau of Revenue Services; the Maine Board of

1 Tax Appeals; or Superior Court as provided for in Title 36, sections 151 and 151-D, the
2 corporation shall file a revised statement under this section within 60 calendar days of the
3 final determination.

4 **6. Public access.** A statement required under this section is a public record. The
5 Department of Administrative and Financial Services, Bureau of Revenue Services shall,
6 no sooner than the first day of the 3rd calendar year that follows the tax year applicable to
7 the tax disclosure statement required under subsection 1, make all information contained
8 in the statement available to the public on an ongoing basis in the form of a searchable
9 database accessible through the Internet. The Bureau of Revenue Services shall adopt rules
10 to implement this subsection.

11 **7. Compliance.** The chief operating officer of a corporation shall attest in writing to
12 the accuracy of the statements required under this section. The Department of
13 Administrative and Financial Services, Bureau of Revenue Services shall audit a
14 corporation's tax disclosure statement under the normal procedures applicable to corporate
15 income tax return audits. The Bureau of Revenue Services shall adopt rules for oversight
16 and penalties for violations of this section. The Bureau of Revenue Services shall publish
17 on the bureau's publicly accessible website the name of and penalty imposed upon a
18 corporation subject to a penalty for failing to file the required statement or filing an
19 inaccurate statement.

20 **8. Rules.** Rules adopted pursuant to this section are major substantive rules as defined
21 in Title 5, chapter 375, subchapter 2-A.

22 **Sec. 2. Application.** This Act applies to tax years beginning on or after January 1,
23 2024.

24 SUMMARY

25 This bill requires a corporation that files a tax return with the State to file a tax
26 disclosure statement with the Department of Administrative and Financial Services, Bureau
27 of Revenue Services. It requires the bureau to adopt major substantive rules for the
28 procedures to provide public access to the tax disclosure statements at least 3 calendar years
29 following the tax year of the filing and to adopt major substantive rules for oversight and
30 penalties for failing to file or filing an inaccurate tax disclosure statement. It permits a
31 corporation that files a tax disclosure statement to submit supplemental information that
32 could facilitate proper interpretation of the information included in the tax disclosure
33 statement. It requires a corporation that files an amended tax return or with a tax liability
34 that is changed as the result of an uncontested audit adjustment or final determination by
35 the bureau, the Maine Board of Tax Appeals or Superior Court to file a revised tax
36 disclosure statement within 60 calendar days of filing the amended return or the final
37 determination. It requires the bureau to make the tax disclosure statement available to the
38 public on an ongoing basis in the form of a searchable database accessible through the
39 Internet. It requires the chief operating officer of a corporation to attest in writing to the
40 accuracy of the tax disclosure statement. It requires the bureau to audit a corporation's tax
41 disclosure. It requires the bureau to publish the name of and penalty imposed upon a
42 corporation subject to a penalty for failing to file or filing an inaccurate tax disclosure
43 statement.