

STATE OF MAINE

IN THE YEAR OF OUR LORD

TWO THOUSAND TWENTY-TWO

H.P. 308 - L.D. 428

**Resolve, Directing Maine Revenue Services To Review and Report Regarding
Worldwide Combined Reporting of Certain Corporations for Income Tax
Purposes**

Sec. 1. Review of worldwide combined reporting by certain corporations for income tax purposes. Resolved: That the Department of Administrative and Financial Services, Maine Revenue Services, referred to in this resolve as "Maine Revenue Services," shall review in accordance with section 2 the impact on the State's income tax and the State's economy of adopting a system for apportionment of income for purposes of calculating income tax for corporations that are part of an affiliated group with members outside of the United States.

Sec. 2. Scope of review; report. Resolved: That Maine Revenue Services shall:

- A. Review the State's corporate income tax law and identify statutory and administrative changes that would be necessary to adopt a corporate income tax system that requires worldwide combined reporting for income tax purposes and that allows a corporation to elect to compute income on a water's edge combined report;
- B. Consider:
 - (1) The need to define income of a combined group under worldwide combined reporting;
 - (2) The need to adjust the State's income tax nexus laws;
 - (3) The need to adjust the State's method of apportioning corporate income for income tax purposes;
 - (4) The implications of permitting corporations to elect to file a return based on water's edge combined reporting and conditions under which a corporation may be allowed to withdraw from that election; and
 - (5) Any other statutory changes necessary to implement changes to the system described in paragraph A; and
- C. Report to the joint standing committee of the Legislature having jurisdiction over taxation matters by February 1, 2023 the projected impact and policy considerations of adopting a corporate income tax system that requires worldwide combined reporting

for income tax purposes and that allows a corporation to elect to compute income by a water's edge combined report. Maine Revenue Services shall include in its report an analysis of how such a system would affect conformity of the State's income tax system with the federal income tax system, including changes to the federal system currently being considered by the United States Congress.

Sec. 3. Legislation. Resolved: That the joint standing committee of the Legislature having jurisdiction over taxation matters may submit legislation related to the report submitted pursuant to this resolve to the 131st Legislature in 2023.