§5203-C. State minimum tax

1. Definitions. As used in this section, unless the context otherwise indicates, the following terms have the following meanings.

A. "Adjusted alternative minimum tax," for individuals, estates and trusts, means the excess, if any, of the alternative minimum tax over the amount that would have been the alternative minimum tax had only the adjustments and items of preference specified in the Code, Section 53(d)(1)(B)(ii) been taken into account in determining alternative minimum tax. For corporations subject to the tax imposed by this section, "adjusted alternative minimum tax" means alternative minimum tax. [PL 2003, c. 673, Pt. JJ, §3 (NEW); PL 2003, c. 673, Pt. JJ, §6 (AFF).]

B. "Alternative minimum tax" means any excess of tentative minimum tax over the regular income tax. [PL 2003, c. 673, Pt. JJ, §3 (NEW); PL 2003, c. 673, Pt. JJ, §6 (AFF).]

C. "Alternative minimum taxable income" means tentative alternative minimum taxable income less the applicable exemption amount, except that:

(1) For taxable corporations with income from business activity that is taxable both within and without this State, "alternative minimum taxable income" means tentative alternative minimum taxable income less the applicable exemption amount, the result of which is multiplied by the fraction described in section 5211, subsection 8; or

(2) For nonresident estates and trusts with income derived from Maine sources, "alternative minimum taxable income" means tentative alternative minimum taxable income less the applicable exemption amount, the result of which is multiplied by a fraction, the numerator of which is the taxpayer's tentative alternative minimum taxable income from Maine sources and the denominator of which is the taxpayer's total tentative alternative minimum taxable income from all sources. [PL 2003, c. 673, Pt. JJ, §3 (NEW); PL 2003, c. 673, Pt. JJ, §6 (AFF).]

D. "Exemption amount" means the applicable exemption as provided by the Code, Section 55(d) as of December 31, 2002, except that tentative alternative minimum taxable income as determined under paragraph G must be substituted in the computation of the phase-out under the Code, Section 55(d)(3). [PL 2005, c. 618, §7 (AMD); PL 2005, c. 618, §22 (AFF).]

E. "Federal alternative minimum taxable income" means alternative minimum taxable income determined in accordance with the Code, Sections 55(b)(2) and 59(c). [PL 2003, c. 673, Pt. JJ, §3 (NEW); PL 2003, c. 673, Pt. JJ, §6 (AFF).]

F. "Regular income tax" means:

(1) For resident individuals, estates and trusts, the amount derived by multiplying the applicable tax rate or rates by taxable income under section 5121 or 5163;

(2) For nonresident individuals, estates and trusts, the amount derived by multiplying the applicable tax rate or rates by taxable income under section 5121 or 5175-A, the result of which is adjusted for nonresident individuals in accordance with section 5111, subsection 4; or

(3) For taxable corporations, the amount derived by multiplying the applicable tax rate or rates against Maine net income under section 5102, subsection 8. [PL 2009, c. 434, §77 (AMD).]

G. "Tentative alternative minimum taxable income" means federal alternative minimum taxable income:

(1) Reduced by income that states are prohibited under federal law from subjecting to income tax to the extent included in federal alternative minimum taxable income;

(2) Reduced by income, loss or deductions by which the State decreases federal adjusted gross income in the case of individuals or federal taxable income in the case of corporations, estates

and trusts under section 5122, section 5125, subsection 3 or section 5164, 5176 or 5200-A or as otherwise indicated by law to the extent included in federal alternative minimum taxable income; and

(3) Increased by income, loss or deductions by which the State increases federal adjusted gross income in the case of individuals or federal taxable income in the case of corporations, estates and trusts under section 5122, section 5125, subsection 3 or section 5164, 5176 or 5200-A or as otherwise indicated by law to the extent not included in federal alternative minimum taxable income. [PL 2003, c. 673, Pt. JJ, §3 (NEW); PL 2003, c. 673, Pt. JJ, §6 (AFF).]

H. "Tentative minimum tax" means:

(1) Except as provided in subparagraph (2), in the case of a taxpayer other than a taxable corporation, the sum of:

(a) An amount equal to 7% of so much of the alternative minimum taxable income as does not exceed $175,000; plus

(b) An amount equal to 7.6% percent of so much of the alternative minimum taxable income as exceeds $175,000.

For a nonresident individual, the tentative minimum tax must be adjusted in accordance with section 5111, subsection 4.

(2) In the case of a married individual filing a separate return, the sum of:

(a) An amount equal to 7% of so much of the alternative minimum taxable income as does not exceed $87,500; plus

(b) An amount equal to 7.6% percent of so much of the alternative minimum taxable income as exceeds $87,500.

For a nonresident individual, the tentative minimum tax must be adjusted in accordance with section 5111, subsection 4.

(3) In the case of a taxable corporation, the tentative minimum tax for the taxable year is 5.4% of the alternative minimum taxable income. [PL 2003, c. 673, Pt. JJ, §3 (NEW); PL 2003, c. 673, Pt. JJ, §6 (AFF).]

[PL 2009, c. 434, §77 (AMD).]

2. Tax imposed. In addition to all other taxes contained in this Part, a tax in an amount equal to the alternative minimum tax is imposed for each taxable year on the following taxpayers:

A. Resident individuals, trusts and estates. The tax imposed by this subsection does not apply to resident individuals, trusts and estates for tax years beginning on or after January 1, 2012; [PL 2011, c. 380, Pt. N, §12 (AMD); PL 2011, c. 380, Pt. N, §19 (AFF).]

B. Nonresident individuals, trusts and estates with Maine-source income. The tax imposed by this subsection does not apply to nonresident individuals, trusts and estates for tax years beginning on or after January 1, 2012; and [PL 2011, c. 380, Pt. N, §13 (AMD); PL 2011, c. 380, Pt. N, §19 (AFF).]

C. Taxable corporations required to file an income tax return under this Part, excluding financial institutions subject to the tax imposed by chapter 819 and persons not subject to the federal alternative minimum tax under the Code, Section 55(e). The tax imposed by this subsection does not apply to taxable corporations for tax years beginning on or after January 1, 2018. [PL 2017, c. 474, Pt. C, §8 (AMD).]

[PL 2017, c. 474, Pt. C, §8 (AMD).]

3. Credit for tax paid to other taxing jurisdiction. A resident individual, estate or trust is allowed a credit against the tax otherwise due under this section for the amount of alternative minimum tax imposed on that individual, estate or trust for the taxable year by another state of the United States, a political subdivision of any such state, the District of Columbia or any political subdivision of a foreign country that is analogous to a state of the United States with respect to income derived from sources in that taxing jurisdiction also subject to tax under this section. The credit for any of the specified taxing jurisdictions may not exceed the proportion of the tax otherwise due under this section that the amount of the taxpayer's tentative alternative minimum taxable income derived from sources in that taxing jurisdiction bears to the taxpayer's entire tentative alternative minimum taxable income. When a credit is claimed for alternative minimum taxes paid to both a state and a political subdivision of that state, the total credit allowable for those taxes in the aggregate may not exceed the proportion of the tax otherwise due under this section that the amount of the taxpayer's tentative alternative minimum taxable income derived from sources in the other state bears to the taxpayer's entire tentative alternative minimum taxable income.
[PL 2003, c. 673, Pt. JJ, §3 (NEW); PL 2003, c. 673, Pt. JJ, §6 (AFF).]

4. Minimum tax credit. A minimum tax credit is allowed as follows.

A. A minimum tax credit is allowed against the liability arising under this Part for any taxable year other than withholding tax liability. The minimum tax credit equals the excess, if any, of the adjusted alternative minimum tax, reduced by the credit for tax paid to other jurisdictions determined under subsection 3 and the Pine Tree Development Zone tax credit provided by section 5219-W that was imposed for all prior taxable years beginning after 2003 over the amount allowable as a credit under this subsection for those prior taxable years, plus unused minimum tax credits from years beginning after 1990. [PL 2013, c. 331, Pt. C, §34 (AMD); PL 2013, c. 331, Pt. C, §41 (AFF).]

B. The credit allowable for a taxable year under this subsection is limited to the amount, if any, by which the regular income tax after application of all other credits arising under this Part exceeds the tentative minimum tax. In any year when the tax under this section does not apply, the tentative minimum tax is disregarded for purposes of calculating the credit limitation. [PL 2011, c. 380, Pt. N, §14 (AMD); PL 2011, c. 380, Pt. N, §§19, 20 (AFF).]
[PL 2013, c. 331, Pt. C, §34 (AMD); PL 2013, c. 331, Pt. C, §41 (AFF).]

SECTION HISTORY

PL 2003, c. 673, §JJ3 (NEW). PL 2003, c. 673, §JJ6 (AFF). PL 2005, c. 618, §§7,8 (AMD). PL 2005, c. 618, §22 (AFF). PL 2009, c. 434, §77 (AMD). PL 2011, c. 380, Pt. N, §§12-14 (AMD). PL 2011, c. 380, Pt. N, §§19, 20 (AFF). PL 2011, c. 644, §27 (AMD). PL 2011, c. 644, §32 (AFF). PL 2013, c. 331, Pt. C, §34 (AMD). PL 2013, c. 331, Pt. C, §41 (AFF). PL 2017, c. 474, Pt. C, §8 (AMD).

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