§5206. Franchise tax on financial institutions

A tax is imposed for each calendar year or fiscal year ending during that calendar year upon the franchise or privilege of doing business in this State of every financial institution that has Maine net income or Maine assets and that has a substantial physical presence in this State sufficient to satisfy the requirements of the due process and commerce clauses of the United States Constitution. A financial institution is subject to tax under this section even if it is treated as a partnership, S corporation or entity disregarded as separate from its owner for federal income tax purposes under the Code. Each financial institution shall determine the tax due using one of the following methods: [PL 2005, c. 608, §1 (RPR); PL 2005, c. 608, §5 (AFF).]

1. Franchise tax on Maine net income and Maine assets. The sum of:

A. One percent of the financial institution's Maine net income; and [PL 2005, c. 608, §1 (NEW); PL 2005, c. 608, §5 (AFF).]

B. Eight cents per $1,000 of the financial institution's Maine assets; or [PL 2005, c. 608, §1 (NEW); PL 2005, c. 608, §5 (AFF).]

[PL 2005, c. 608, §1 (RPR); PL 2005, c. 608, §5 (AFF).]

2. Franchise tax on Maine assets only. Thirty-nine cents per $1,000 of the financial institution's Maine assets.

[PL 2005, c. 608, §1 (RPR); PL 2005, c. 608, §5 (AFF).]

3. Credit against tax.

[PL 2005, c. 608, §1 (RP); PL 2005, c. 608, §5 (AFF).]

4. Increase in franchise tax.

[PL 1985, c. 783, §34 (RP).]

Each financial institution subject to the tax under this chapter shall elect to calculate and pay tax under the method in subsection 1 or 2. The financial institution shall make the election on its annual state tax return and the election cannot be revoked with respect to that tax year. If a financial institution fails to make an election, the method established in subsection 1 must be used and is deemed an election for purposes of this section. [PL 2005, c. 608, §1 (NEW); PL 2005, c. 608, §5 (AFF).]

In each taxable year in which a financial institution sustains a book net operating loss, a credit must be allowed against the franchise tax on assets under subsection 1. The credit must be computed by multiplying the Maine net income by the applicable franchise tax rate imposed by subsection 1, paragraph A. The total amount of any credit allowed may not exceed the franchise tax on assets due under subsection 1, paragraph B. In any tax year in which there is excess credit, the excess credit must be carried forward for no more than the next 5 tax years and may be applied against the tax computed under subsection 1. [PL 2019, c. 607, Pt. C, §4 (AMD).]

SECTION HISTORY

PL 1977, c. 686, §14 (NEW). PL 1979, c. 587, §5 (AMD). PL 1981, c. 704, §§6,7,10 (AMD). PL 1983, c. 477, Pt. F, Subpt. 3, §2 (AMD). PL 1983, c. 590, §3 (AMD). PL 1983, c. 842, §2 (RPR). PL 1983, c. 855, §§23,24 (AMD). PL 1983, c. 862, §§89,90 (AMD). PL 1985, c. 783, §§33,34 (AMD). PL 1997, c. 404, §2 (AMD). PL 1997, c. 404, §10 (AFF). PL 1997, c. 746, §14 (AMD). PL 1997, c. 746, §24 (AFF). PL 2005, c. 608, §1 (RPR). PL 2005, c. 608, §5 (AFF). PL 2019, c. 607, Pt. C, §4 (AMD).

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