

**MEMO# 35989**

January 17, 2025

# **Proposed Amendments to Maine Income Tax Apportionment Regulations - ICI Comment Letter**

[35989]January 17, 2025TO:ICI Members

Tax CommitteeSUBJECTS:TaxRE:Proposed Amendments to Maine Income Tax Apportionment Regulations - ICI Comment Letter

On December 4th, Maine Revenue Service (MRS) released proposed amendments to their income tax apportionment regulation (attached), which include changes to the apportionment of receipts from services, but do not specifically address apportionment of receipts from asset management services. The proposed amendments would apply retroactively, beginning in 2010.

We encourage asset managers filing income tax returns in Maine to review the proposed amendments and consider potential implications. While MRS indicates that the proposed amendments are intended to "clarify" their existing interpretation of the apportionment regulation, the retroactive effective date, and the specific amendments, raise concerns that MRS may consider different interpretations and/or previously filed tax returns inconsistent with the proposed amendments.

On January 17th, ICI submitted the attached comment letter on the proposed regulations to MRS, opposing the proposed amendments on the following grounds:

1. the rule is legislative in nature and a major substantive change, and MRS lacks statutory authority to promulgate the rule without authorization from the legislature,
2. as drafted, the Proposed Apportionment Rule will significantly increase the Maine tax compliance burden for ICI's members.
3. the rule should not apply retroactively, beginning in 2010.

The comment letter also requests a public hearing to address these concerns, which MRS will hold if at least five comments are received. We expect at least four other comment letters from other trade associations will be filed and anticipate MRS will hold a public hearing, which ICI intends to attend. If you have comments on question related to the comment letter or the proposed apportionment regulations, please contact Mike Horn ([michael.horn@ici.org](mailto:michael.horn@ici.org)) or Katie Sunderland ([katie.sunderland@ici.org](mailto:katie.sunderland@ici.org))

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