

**SCHEDULE 1  
FORM 1040ME  
2019**

**INCOME MODIFICATIONS**

See instructions on pages 5 and 6.  
Enclose with your Form 1040ME

For more information, visit [www.maine.gov/revenue/forms](http://www.maine.gov/revenue/forms).



99

Attachment  
Sequence No. 4

Name(s) as shown on Form 1040ME

Your Social Security Number

**SCHEDULE 1 — INCOME MODIFICATIONS - For Form 1040ME, line 15**

DO NOT ENTER \$ signs, commas, or decimals:

**1 ADDITIONS to federal adjusted gross income.**

a	Income from municipal and state bonds, other than Maine.....	1a		.00
b	Net Operating Loss Recovery Adjustment. (Attach a schedule showing your calculation.)..	1b		.00
c	Maine Public Employees Retirement System Contributions. ....	1c		.00
d	Bonus Depreciation Add-back. (See instructions.).....	1d		.00
e	Maine Capital Investment Credit Bonus Depreciation Add-back. (See instructions.).....	1e		.00
f	Fiduciary Adjustment - additions only. (Attach a copy of your federal Schedule K-1.) .....	1f		.00
g	Certain gains on installment sales of real or tangible property - nonresident individuals only (See instructions.) .....	1g		.00
h	Other. (Attach worksheet(s) - see instructions.) .....	1h		.00
i	Total Additions. (Add lines 1a through 1h.).....	1i		.00

**2 SUBTRACTIONS from federal adjusted gross income.**

a	U.S. Government Bond interest included in federal adjusted gross income. (See instructions.)...	2a		.00
b	State Income Tax Refund. (Only if included in federal adjusted gross income.) .....	2b		.00
c	Social Security and Railroad Retirement Benefits included in federal adjusted gross income. (See instructions.).....	2c		.00
d	Pension Income Deduction. (Complete and attach the worksheet on back.).....	2d		.00
	Check here if the amount on line 2d includes military retirement pay (from line 6 of the Worksheet for Pension Income Deduction). ....		<input type="checkbox"/>	
e	Non-Maine active duty military pay received by a Maine resident and military compensation received by a nonresident of Maine. (See instructions.).....	2e		.00
f	Maine Public Employees Retirement System Pick-Up Contributions paid to the taxpayer during 2019 which have been previously taxed by the state.....	2f		.00
g	Fiduciary Adjustment - subtractions only. (Attach a copy of your federal Schedule K-1.) .....	2g		.00
h	Bonus Depreciation and Section 179 Recapture. (See instructions.) .....	2h		.00
i	Medical marijuana business expenses. (See instructions.).....	2i		.00
	Enter your registration number or sales tax number: _____			
j	Net operating losses disallowed for federal tax purposes.....	2j		.00
k	Other. (Attach worksheet(s) - see instructions.).....	2k		.00
	<b>(Do not enter non-Maine source income on line 2k.)</b>			
l	Total Subtractions. (Add lines 2a through 2k.).....	2l		.00

**3 Net Modification.** (Subtract line 2l from line 1i — enter here and on 1040ME, line 15.)

	(If negative, enter a minus sign in the box to the left of the number.) .....	3		.00
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**2019 - Worksheet for Pension Income Deduction - Schedule 1, Line 2d**Enclose this worksheet and copies of your 1099 form(s) with Form 1040ME.

**The benefits received under a United States military retirement plan, including survivor benefits, are fully exempt from Maine income tax. See line 6 of the worksheet below.** Only military retirement pay received as a result of service in the United States Army, Navy, Air Force, Marines, or Coast Guard qualify for the military retirement deduction on line 6.

In addition, you and your spouse (if married) may each deduct up to \$10,000 of other eligible pension income\* that is included in your federal adjusted gross income. The \$10,000 cap must be reduced by any social security and railroad retirement benefits received, whether taxable or not.

Deductible pension income, other than military retirement pay, includes state and federal pension benefits and retirement benefits received from plans established and maintained by an employer for the benefit of its employees under Internal Revenue Code (IRC) sections 401(a) (qualified pension plans, including qualified 401 SIMPLE plans), 401(k) (qualified cash or deferred arrangements) and 403 (employee annuities). Deductible pension income also includes benefits received from an individual retirement account under IRC section 408, Roth IRA accounts under IRC section 408A, SIMPLE individual retirement accounts under IRC section 408(k), simplified employee pension plans under IRC section 408(p), benefits received under IRC section 457(b) (state and local government/tax exempt organizations/eligible deferred compensation plans), except that pick-up contributions received from the Maine Public Employees

Retirement System ("MainePERS") allowed to be deducted on Form 1040ME, Schedule 1, line 2f and pension income from 457(b) plans received prior to age 55 that is not part of a series of equal periodic payments made over the life of the recipient and the recipient's designated beneficiary, if applicable, may not be included in the deductible pension amount.

**Note that a conversion of benefits from one account to another does not qualify for the pension income deduction. For example, a deduction may not be taken when a taxpayer converts a traditional IRA to a Roth IRA. The taxpayer, in this case, does not receive a retirement or IRA benefit at the time of conversion.**

Pension benefits that do not qualify are those received from an ineligible deferred compensation plan under IRC section 457(f), refunds of excess contributions, lump-sum distributions included on federal Form 4972 and distributions subject to the additional 10% federal tax on early distributions. See federal Form 5329, Part 1, or federal Form 1040 or 1040-SR, Schedule 2, line 6. Also, disability benefits reported as wages on your federal income tax return do not qualify.

**\*Eligible pension income does not include benefits earned by another person, except in the case of a surviving spouse. Only the individual who earned the benefit from prior employment may claim the pension income for the deduction. However, a widowed spouse receiving survivor's benefits under an eligible pension plan may claim that amount for purposes of this deduction, but the total pension deduction for the surviving spouse may not exceed \$10,000.**

<b>NOTE:</b> Enter eligible <b>non-military</b> pension benefits on line 1 and eligible <b>military</b> retirement pay on line 6.	Taxpayer	Spouse*
1. Total eligible <b>non-military</b> pension income (both Maine and non-Maine sources) included in your federal adjusted gross income (from federal Form 1040, lines 4b and 4d or Form 1040-SR, lines 4b and 4d). CAUTION: Include only deductible pension benefits that are <u>not</u> specifically excluded. See the instructions above.	1. \$	\$
2. Maximum allowable deduction.	2. \$10,000.00	\$10,000.00
3. Total social security and railroad retirement benefits you received - whether taxable or not.	3. \$	\$
4. Subtract line 3 from line 2 (if zero or less, enter zero).	4. \$	\$
5. Enter the smaller of line 1 or line 4 here	5. \$	\$
6. Total eligible <b>military</b> retirement pay included in your federal adjusted gross income (from federal Form 1040, lines 4b and 4d or Form 1040-SR, lines 4b and 4d).	6. \$	\$
7. Add line 5 and line 6 and enter the total for both spouses on Schedule 1, line 2d.	7. \$	\$

**\*Use this column only if you are married filing jointly and only if your spouse separately earned an eligible pension.**