

2020 MAINE

Resident, Nonresident, or Part-year Resident Individual Income Tax Booklet

Form 1040ME



Maine FastFile
Electronic filing and payment services



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TAXPAYER ASSISTANCE and FORMS

Visit www.maine.gov/revenue to obtain the latest tax updates, view frequently asked questions (FAQs), pay your tax, or email tax-related questions.

To download or request forms or other information: Visit www.maine.gov/revenue/tax-return-forms or call (207) 624-7894 - Every day 24 Hours.

TTY (hearing-impaired only): 711 - Weekdays 9:00 a.m. - 12:00 p.m.

Form PTFC/STFC questions: call (207) 624-9784 - Weekdays 9:00 a.m. - 12 p.m.

Get refund status: Visit www.maine.gov/revenue or call (207) 624-9784 - Weekdays 9:00 a.m. - 12:00 p.m.

Income Tax Assistance: (207) 626-8475 - Weekdays 9:00 a.m. - 12:00 p.m.

Collection problems and payment plans: (207) 621-4300 - Weekdays 8:00 a.m. - 5:00 p.m. Call this number if you have a tax balance due that you would like to resolve.

Tax violations hot line: (207) 624-9600 - Call this number or send an email to MRS.TAXTIP@maine.gov to report possible tax violations including failure to file tax returns, failure to report all income and failure to register for tax filing.

Federal income tax information and forms: Call the Internal Revenue Service at (800) 829-1040 or visit www.irs.gov.

Form 1040ME due date: Thursday, April 15, 2021

IMPORTANT CHANGES for 2020

Reporting use tax on income tax return. 36 M.R.S. §1861-A. For tax years beginning on or after January 1, 2020, the requirement that a tax table be used to calculate use tax reportable on individual income tax returns is repealed. However, taxpayers may continue to report unpaid use tax liability on Maine individual income tax returns. For taxable items having a sales price no greater than \$1,000, the use tax may be estimated by multiplying Maine adjusted gross income by .04%. For items with a sales price greater than \$1,000 but no more than \$5,000, the actual unpaid use tax liability for each taxable purchase must be reported. Use tax on items that cost more than \$5,000 must be reported on an individual use tax return by the 15th day of the month following the purchase.

ABLE savings account subtraction modification. 36 M.R.S. § 5122(2) (QQ). For tax years beginning on or after January 1, 2020, earnings on funds held in a qualified Achieving a Better Life Experience (ABLE) account are deductible in calculating Maine taxable income.

Bonus depreciation / Maine capital investment credit. 36 M.R.S. §§ 5122(2)(RR) and 5219-NN. For property placed in service during a tax year beginning on or after January 1, 2020, the bonus depreciation addition modification with respect to property for which the Maine capital investment credit is claimed (36 M.R.S. § 5122(1)(KK)(1)) may be recaptured in future tax years over the life of the asset. Thus, affected property may, for Maine tax purposes, qualify for both regular depreciation and the Maine capital investment credit.

Student loan payment subtraction modification. 36 M.R.S. § 5122(2) (SS). For tax years beginning on or after January 1, 2020, a qualified health care employee (generally, an individual who is licensed as a registered nurse, practical nurse, osteopathic physician, or to practice medicine or surgery and is employed by a hospital in Maine) may claim, to the extent included in the employee's federal adjusted gross income, the income subtraction modification for student loan payments made by an employer directly to the lender. The modification may not be claimed for any loan payment amounts subtracted under 36 M.R.S. § 5122(2) (FF).

Standard deduction amount. 36 M.R.S. § 5124-C(1-A). For tax years beginning on or after January 1, 2020, the Maine standard deduction is equal to the federal standard deduction amount, subject to the Maine phase-out. Previously, the Maine standard deduction was limited to the federal standard deduction amount determined under Internal Revenue Code, Section 63 and did not include any additional federal standard deduction amount contained in other provisions of federal law.

Personal exemption. 36 M.R.S. § 5126-A(1). For tax years beginning on or after January 1, 2020, a married taxpayer may claim a Maine personal exemption deduction for that taxpayer's spouse when not filing a joint return as long as the spouse has no gross income during the taxable year and, notwithstanding the temporary suspension of the federal personal exemption deduction through 2025, a personal exemption deduction would be allowed for the spouse for federal income tax purposes.

Property tax fairness credit. 36 M.R.S. § 5219-KK. For tax years beginning on or after January 1, 2020, the property tax fairness credit is increased to 100% of the benefit base that is greater than 5% (previously 6%) of the individual's income, up to \$750 (\$1,200 for individuals 65 years of age or older).

Earned income credit. 36 M.R.S. §5219-S. For tax years beginning on or after January 1, 2020, the Maine earned income credit is increased from 5% to 12% of the federal earned income tax credit (25% for eligible individuals who do not have a qualifying child). The credit is also extended to individuals who are 18 to 24 years of age, have no qualifying children, and are otherwise qualified for the federal earned income tax credit.

Maine capital investment credit. 36 M.R.S. § 5219-NN. For property placed in service in Maine during a tax year beginning on or after January 1, 2020, the Maine capital investment credit is reduced to 1.2% of the bonus depreciation addition modification required with respect to that property under 36 M.R.S. § 5122(1)(KK)(1). See discussion above regarding the recapture of the bonus depreciation addition modification in future tax years.

Maine Children's Cancer Research Fund. 36 M.R.S. §§ 5283-A and 5292. For tax years beginning on or after January 1, 2020, a new voluntary contribution check-off is added to the Maine individual income tax form, Schedule CP, for the Maine Children's Cancer Research Fund. The purpose of the fund is to provide grants and other funding to support children's cancer research provided by research facilities in Maine that operate children's cancer programs.

Excess business losses for noncorporate taxpayers. Under the federal Coronavirus Aid, Relief, and Economic Security (CARES) Act, the effective date for the limitation on noncorporate excess business losses was deferred to tax years beginning after December 31, 2020. For Maine income tax purposes, an adjustment must be made to reverse the effect of noncorporate excess business losses used to reduce federal adjusted gross income. The amount of excess business loss disallowed for Maine tax purposes may be carried forward to subsequent tax years to the extent the carryforward amount has not been previously used to offset Maine taxable income. See Schedule 1S, line 11, and related instructions.

Business interest deduction exceeding 30% of federal adjusted taxable income. The federal CARES Act increases the allowable business interest deduction from 30% to 50% of federal adjusted taxable income. For Maine income tax purposes, business interest greater than 30% of federal adjusted taxable income may not be used to reduce Maine taxable income. This amount required to be added back may be subtracted in future years.

See the complete 2020 Summary of Tax Law Changes available at www.maine.gov/revenue/publications/rules.

MAINE REVENUE SERVICES MISSION STATEMENT

The mission of Maine Revenue Services is to fairly and efficiently administer the tax laws of the State of Maine, while maintaining the highest degree of integrity and professionalism.

GENERAL INSTRUCTIONS

Who must file? A Maine income tax return must be filed by **April 15, 2021** if you are a resident of Maine who is required to file a federal income tax return or if you are not required to file a federal return, but do have income subject to Maine income tax resulting in a Maine income tax liability. Even if you are required to file a federal income tax return, **you do not have to file a Maine income tax return if you have no addition income modifications (Form 1040ME, Schedule 1A, line 13) and your income subject to Maine income tax is less than the sum of your Maine standard deduction amount plus your personal exemption amount.** However, you must file a return to claim any refund due to you. Generally, if you are a nonresident or a “Safe Harbor” resident who has income from Maine sources resulting in a Maine income tax liability, you **must** file a Maine income tax return. See below for more information on residency, including “Safe Harbors.” Nonresidents - see Schedule NR instructions for minimum taxability thresholds. Also see, 36 M.R.S. § 5142(8-B) and Rule 806.

For additional answers to frequently asked questions (FAQs), visit www.maine.gov/revenue/faq.

What is my Residence Status?

To determine your residency status for 2020, read the following.

Domicile: *Domicile is the place an individual establishes as his or her permanent home and includes the place to which he or she intends to return after any period of absence. A number of factors associated with residency are relevant in the evaluation of a claimed domicile. A domicile, once established, continues until a new, fixed and permanent home is acquired. To change domicile, a taxpayer must exhibit actions consistent with a change. No change of domicile results from moving to a new location if the intent is to remain only for a limited time, even if it is for a relatively long duration.*

● **Full-Year Resident:** 1) Maine was my domicile for the entire year of 2020; or 2) I maintained a permanent place of abode in Maine for the entire year and spent a total of more than 183 days in Maine.

● **“Safe Harbor” Resident** (treated as a nonresident):

General Safe Harbor - Maine was my domicile in 2020, I did not maintain a permanent place of abode in Maine, I maintained a permanent place of abode outside Maine and I spent no more than 30 days of 2020 in Maine. Individuals qualifying under the safe harbor rule will be treated as a nonresident for Maine individual income tax purposes. **File Form 1040ME and Schedule NR or NRH.**

Foreign Safe Harbor - I spent at least 450 days in a foreign country during any 548-day period occurring partially or fully in the tax year. The taxpayer must also meet other eligibility criteria. If you qualify for the Foreign Safe Harbor, you will be considered a “Safe Harbor” Resident and treated as a nonresident for the 548-day period even though you were domiciled in Maine.

● **Part-year Resident:** I was domiciled in Maine for part of the year and was not a full-year resident as defined in 2) above. **File Form 1040ME and Schedule NR or NRH.**

● **Nonresident:** I was not a resident or part-year resident in 2020, but I do have Maine-source income. **Follow the federal filing requirements for filing status, federal adjusted gross income, and standard or itemized deductions. File Form 1040ME and Schedule NR or NRH.**

For additional information on determining Maine residency or if you are in the military, see the Maine Revenue Services *Guidance to Residency Status* and *Guidance to Residency “Safe Harbors”* available at www.maine.gov/revenue/tax-return-forms (click on Income Tax Guidance Documents) or call the forms line at (207) 624-7894.

SPECIFIC INSTRUCTIONS — FORM 1040ME

Note: Form 1040ME is designed to comply with optical scanning requirements. Fill in the white boxes carefully in black or blue ink. Letters and numbers must be entered legibly within the outline area. Letters must be in upper case only.

Name, address, etc., start on the left; dollar amounts start from the right.

Round down to the next lower dollar any amount less than 50 cents. Round up to the next higher dollar any amount 50 cents or more. Do not enter dollar signs, commas, or decimals. **Due to scanning requirements, only original forms and schedules may be submitted.**

Print or type your name(s) and **current** mailing address in the spaces provided. **Social security number(s):** You **must** enter your social security number(s) in the spaces provided.

Check the box above your social security number if this is an **amended** return. You must file an amended Maine income tax return if (1) you have filed an amended federal income tax return that affects your Maine income tax liability; (2) the Internal Revenue Service has made a change or correction to your federal income tax return that affects your Maine income tax liability; or (3) an error has been made in the filing of your original Maine income tax return. For more information, see the frequently asked questions at www.maine.gov/revenue/faq.

Line A. Maine Property Tax Fairness Credit / Sales Tax Fairness Credit for Maine residents and part-year residents only. See Schedule PTFC/STFC. Check the box on line A only if you are claiming the Property Tax Fairness Credit on line 25d and/or the Sales Tax Fairness Credit on line 25e **AND** you are completing Form 1040ME in accordance with the instructions in Step 1 of Schedule PTFC/STFC. Otherwise, leave the box blank. See the Schedule PTFC/STFC instructions for Step 1.

Note: Schedule PTFC/STFC is available at www.maine.gov/revenue/tax-return-forms or call the forms line at (207) 624-7894.

Line 1. FOR MAINE RESIDENTS ONLY. The **Maine Clean Election Fund** finances the election campaign of certified Maine Clean Election Act candidates. *Checking this box does not increase your tax or reduce your refund but reduces General Fund revenue by the same amount.*

Line 2. Check if at least two-thirds of your gross income for 2020 was from **commercial farming or fishing** as defined by the Internal Revenue Code. Include your spouse’s income in your calculation if you are filing a joint return.

Lines 3-7. Use the **filing status** from your federal income tax return. **If you filed a married filing jointly federal return and one spouse is a part-year resident, nonresident or “Safe Harbor” resident, see the Guidance Documents for Schedule NR and Schedule NRH** available at www.maine.gov/revenue/tax-return-forms (click on Income Tax Guidance Documents). If you are filing married filing separately, be sure to include your spouse’s name and social security number. **For pass-through entities only:** check the box below line 7 if this is a **composite filing**. A composite return may be filed by a pass-through entity on behalf of nonresident owners. You must complete and enclose Schedule 1040C-ME and supporting documentation with your composite return. For more information on composite filing and forms, visit www.maine.gov/revenue.

Lines 8-11a. See the General Instructions above to determine your residency status. **Nonresident aliens:** check box 11 if you were a nonresident of Maine or box 11a if you were a resident of Maine during all or part of the tax year. **If you check box 8a, 9, 10, 11, or 11a, enclose a copy of your federal tax return.**

Schedule NRH is available at www.maine.gov/revenue/tax-return-forms or call (207) 624-7894 to order.

Line 13. Personal exemptions. Enter “1” if filing single, head-of-household, qualifying widow(er) or married filing separately. Except, enter “2” if you are married, not filing a joint return, and would claim a federal personal exemption deduction for your spouse if not for the temporary suspension of the federal personal exemption deduction. Enter “2” if married filing jointly. Except, enter “0” if you (or, if married filing jointly, both you and your spouse) may be claimed as a dependent on another person’s return. If you are married filing jointly and only one spouse may be claimed as a dependent on another person’s return, enter “1”.

Line 13a. Enter the number of qualifying children and dependents for whom you are able to claim the federal child tax credit or the credit for other dependents (from federal Form 1040 or Form 1040-SR, “Dependents,” columns (1) through (4)). Also see Form 1040ME, Schedule A, line 8.

Line 14. Enter the **federal adjusted gross income** shown on your federal Form 1040, line 11 or Form 1040-SR, line 11. **Note:** If you are filing Form 1040ME in accordance with the Step 1 instructions for Schedule PTFC/STFC and check the box on line A, skip line 14.

Line 15a. Income Modifications - Additions. Complete Maine Schedule 1A to calculate your entry for this line.

Line 15b. Income Modifications - Subtractions. Complete Maine Schedule 1S to calculate your entry for this line.

Part-year residents, Nonresidents and "Safe Harbor" residents, see Schedule NR or NRH. **Note:** If you are filing Form 1040ME in accordance with the Step 1 instructions for Schedule PTFC/STFC and check the box on line A, skip lines 15a and 15b.

Line 17. Deduction. CAUTION: If the amount on Form 1040ME, line 16 is more than \$82,900 if single or married filing separately; \$124,350 if head of household; or \$165,800 if married filing jointly or qualifying widow(er), you must complete the Worksheet for Standard/Itemized Deductions below to calculate your deduction amount for line 17.

If your income does not exceed the amount for your filing status and you use the standard deduction on your federal return, enter the amount from federal Form 1040, line 12 or Form 1040-SR, line 12 for your filing status.

If you itemized deductions on your federal return, complete Form 1040ME, Schedule 2. If the amount on Schedule 2, line 7 is less than your allowable standard deduction, use the standard deduction, except, if you are filing as a nonresident alien, you must use itemized deductions.

Worksheet for Standard / Itemized Deductions (for Form 1040ME, line 17)

Use this worksheet to calculate your standard deduction or itemized deduction if your Maine adjusted gross income for 2020 is greater than \$82,900 if single or married filing separately; \$124,350 if head of household; or \$165,800 if married filing jointly or qualifying widow(er).

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|---|---|-------|
| 1. Enter your 2020 Maine adjusted gross income (Form 1040ME, line 16)..... | 1 | _____ |
| 2. Enter \$82,900 if single or married filing separately; \$124,350 if head of household; or \$165,800 if married filing jointly or qualifying widow(er)..... | 2 | _____ |
| 3. Subtract line 2 from line 1. If zero or less, STOP here. Your deduction is not limited | 3 | _____ |
| 4. Enter \$75,000 if single or married filing separately; \$112,500 if head of household; or \$150,000 if married filing jointly or qualifying widow(er)..... | 4 | _____ |
| 5. Divide line 3 by line 4. If one or more, enter 1.0000..... | 5 | _____ |
| 6. Enter your 2020 standard deduction. (See federal Form 1040, line 12 or Form 1040-SR, line 12) or your 2020 Maine itemized deductions from Form 1040ME, Schedule 2, line 7, whichever applies | 6 | _____ |
| 7. Multiply line 6 by line 5 | 7 | _____ |
| 8. 2020 Maine itemized deductions or standard deduction. Subtract line 7 from line 6. Enter this amount on Form 1040ME, line 17 | 8 | _____ |

Line 18. Exemption. Multiply the amount shown on line 13 by \$4,300. **CAUTION:** If the amount on Form 1040ME, line 16 is more than \$276,350 if filing single; \$304,000 if head of household; \$331,600 if married filing

jointly or qualifying widow(er); or \$165,800 if married filing separately, you must complete the Worksheet for Phaseout of Personal Exemption Deduction Amount below to calculate your exemption amount for line 18.

Worksheet for Phaseout of Personal Exemption Deduction Amount (for Form 1040ME, line 18)

Use this worksheet to calculate your personal exemption amount if your Maine adjusted gross income for 2020 is greater than \$276,350 if single; \$304,000 if head of household; \$331,600 if married filing jointly or qualifying widow(er); or \$165,800 if married filing separately.

- | | | |
|---|---|-------|
| 1. Enter your 2020 Maine adjusted gross income (Form 1040ME, line 16)..... | 1 | _____ |
| 2. Enter \$276,350 if single; \$304,000 if head of household; \$331,600 if married filing jointly or qualifying widow(er), or \$165,800 if married filing separately..... | 2 | _____ |
| 3. Subtract line 2 from line 1. If zero or less, STOP here. Your personal exemption deduction amount is not limited... .. | 3 | _____ |
| 4. Enter \$62,500 if married filing separately; \$125,000 if single or married filing jointly or qualifying widow(er) or head of household..... | 4 | _____ |
| 5. Divide line 3 by line 4. If one or more, enter 1.0000..... | 5 | _____ |
| 6. Enter the 2020 personal exemption deduction amount (multiply the amount on Form 1040ME, line 13 by \$4,300) | 6 | _____ |
| 7. Multiply line 6 by line 5 | 7 | _____ |
| 8. 2020 Maine personal exemption deduction amount. Subtract line 7 from line 6. Enter this amount on Form 1040ME, line 18..... | 8 | _____ |

Line 20a. Enter the amount of credits previously used to reduce Maine income tax that are now subject to recapture. Enclose supporting documentation or applicable worksheet(s) to show the calculation of the amount entered on this line.

Line 21. Note: Schedules NR and NRH are available at www.maine.gov/revenue/tax-return-forms or call the forms line at (207) 624-7894.

Line 24. Subtract line 23 from line 22. **Nonresidents and “Safe Harbor” Residents only: Note** that unused **business credits** claimed on Schedule A, lines 13 and 15 through 20 may be eligible to be carried over to future tax years. See the instructions for Maine Schedule A.

Line 25a. Enter the total amount of **Maine income tax withheld**. Enclose (**do not staple or tape**) supporting W-2, 1099 and 1099ME forms. Unless the 1099 form is required as supporting documentation for another schedule or worksheet, send 1099 forms only if there is State of Maine income tax withheld shown on them.

Line 25b. Enter the total amount of Maine estimated tax paid for tax year 2020. Also include on this line extension payments and amounts withheld for 2020 on the **sale of real estate in Maine** (enclose a copy of Form REW-1 to support your entry). If you are filing an amended return, include amounts paid with your original, or previously adjusted return, including use tax, voluntary contributions and estimated tax penalty amounts.

Line 25d. For Maine residents and part-year residents only. Enter the amount from Schedule PTFC/STFC, line 12.

Line 25e. For Maine residents and part-year residents only. Enter the amount from Schedule PTFC/STFC, line 13 or line 13a, whichever applies.

Line 26. If you are filing an **amended** return, include any carryforward or refund amount allowed on the original, or previously adjusted return.

Line 29. If the amount on line 27 is a negative amount, treat it as a positive amount and add it to the amount on line 24.

Note: For purposes of calculating Form 1040ME, lines 28 and 29, any negative amount entered on Form 1040ME, line 24 should be treated as zero.

Line 30. If you purchased items for use in Maine from retailers who did not collect the Maine sales tax (such as businesses in other states or countries and unregistered mail order and internet sellers), you may owe **Maine use tax** on those items. The tax rate for purchases in 2020 is 5.5%. If you paid another state’s sales or use tax on any purchase, that amount may be credited against the Maine use tax due on that purchase. If you do not know the exact amount of Maine use tax that you owe, multiply your Maine adjusted gross income from line 16 by .04% (.0004).

Note: For items that cost \$1,000 or more, you must add the tax on those items to the percentage amount. Use tax on items that cost more than \$5,000 **must** be reported on an individual use tax return by the 15th day of the month following its purchase. For additional information, visit www.maine.gov/revenue/taxes/sales-use-service-provider-tax or call (207) 624-9693.

Line 30a. If you collected \$2,000 or less in **sales tax on casual rentals of living quarters**, you may report the tax on this line. Enter the amount of tax collected on rentals made in 2020 not already reported on a sales tax return. The tax rate on casual rentals occurring during 2020 is 9%.

Note: To report sales tax greater than \$2,000, you must file a sales/use tax return at <https://portal.maine.gov/salestax/>. If you do not have internet access, call (207) 624-9693 for assistance.

Line 33b. Refunds of \$1.00 or more will be issued to you.

Lines 33c-33e. To comply with banking rules, you must check the box to the left of line 33d if your refund is going to an account outside the United States.

If you check the box, we will mail you a paper check. The account to receive the direct deposit must be in your name. If you are married, the account can be in either spouse's name or both spouses' names. **Note** that some banks will not allow a joint refund to be deposited into an individual account.

Line 33c. Routing Number (“RTN”) must be 9 digits.

Line 33d. Bank Account Number can be up to 17 characters (both numbers and letters). Omit hyphens, spaces and special symbols. Enter the number from left to right.

Line 34b. Underpayment Penalty. If line 24 less the sum of lines 25a, 25c, 25d, 25e, and REW amounts included in line 25b is \$1,000 or more, use Form 2210ME to see if you owe an underpayment of estimated tax penalty. Form 2210ME is available at www.maine.gov/revenue/tax-return-forms or call (207) 624-7894.

Line 34c. Total Amount Due. Do not send cash. If you owe less than \$1.00, do not pay it. Remit your payment using Maine EZ Pay at www.maine.gov/revenue or enclose (**do not staple or tape**) a check or money order payable to Treasurer, State of Maine with your return. Include your complete name, address and telephone number on your check or money order.

Third Party Designee. Complete this section if you would like to allow Maine Revenue Services to call or accept information from another person to discuss your 2020 Maine individual income tax return. Choose any 5-digit PIN which will be used to ensure MRS employees speak with only the individual you have designated. This authorization will automatically end on April 15, 2022.

Payment Plan. Check the box below your signature(s) if you are requesting a payment plan. Your first payment should be submitted with your return and you should continue to make payments until Maine Revenue Services contacts you. For more information, call (207) 621-4300 or email compliance.tax@maine.gov.

Injured or Innocent Spouse. Check the box below your signature(s) if you are an injured or innocent spouse for a Maine Revenue Services **income tax debt only**. (See federal Form 8379 or Form 8857 and related instructions.) If you have a married joint refund which may be set off to a State agency including DHHS, you must submit your claim form directly to that agency. For more information, call (207) 624-9595 or email compliance.tax@maine.gov.

SCHEDULE 1A — ADDITION INCOME MODIFICATIONS - See page 19

For more information on Maine income modifications, visit www.maine.gov/revenue/tax-return-forms.

Also include the taxpayer’s distributive share of addition modification items from partnerships, S corporations and other pass-through entities.

Line 1. Enter the **income from municipal and state bonds, other than Maine**, that is not included in your federal adjusted gross income (i.e., enter bond interest from City of New York but not Portland, Maine).

Line 2. Net operating loss recovery adjustment. Enter on this line any amount of federal net operating loss carry forward that has been previously used to offset Maine addition modifications. For more information, go to www.maine.gov/revenue/tax-return-forms (select *Income Tax Guidance Documents*).

Line 3. Enter 2020 **Maine Public Employees Retirement System contributions**. See your Maine state or municipal W-2 form.

Lines 4 and 5. Bonus depreciation add-back. Lines 4 and 5 relate to Maine’s decoupling from the federal special depreciation deduction through IRC § 168(k), commonly known as bonus depreciation. To calculate the amount to enter on these lines, complete a pro forma federal Form 4562 as if no bonus depreciation was claimed on the property placed in service in tax year 2020.

The total addition modification is the difference between the federal depreciation claimed on Form 4562 and the depreciation calculated on

the pro forma Form 4562. If any of the property placed in service in tax year 2020 is located in Maine and the Maine capital investment credit is claimed, the total addition modification must be divided between lines 4 and 5. Otherwise, the entire addition must be entered on line 4. Enclose copies of the original and pro forma federal Forms 4562, along with the add-back calculation, with the return.

For more information, go to www.maine.gov/revenue/tax-return-forms (select *Income Tax Guidance Documents*). Also, refer to the instructions for Schedule 1S, line 9 below.

Line 4. Bonus depreciation add-back: Enter on this line the total bonus depreciation add-back calculated above less the amount of Maine capital investment credit add-back from line 5. Amounts entered on this line are eligible for the recapture subtraction modification on Schedule 1S, line 9 in future years.

Line 5. Maine capital investment credit bonus depreciation add-back: The Maine capital investment credit is available to businesses that place depreciable property in service in Maine during the taxable year beginning in 2020.

Enter on this line the portion of the bonus depreciation add-back calculated above relating to property for which the Maine capital investment credit is claimed, based on original basis of property placed in service in tax year 2020. For example, if you purchased \$400,000 of eligible property and \$100,000 of that property is located in Maine and included in the credit base, the portion of the add-back to include on this line is \$100,000/\$400,000 or 25% of the total bonus depreciation add-back calculated above.

Property that is transferred out of state or disposed of within 12 months after being placed in service in Maine is not eligible for the Maine capital investment credit. Amounts entered on this line are eligible for the recapture subtraction modification on Schedule 1S, line 9 in future years.

Line 6. Enter your share of a **fiduciary adjustment** (addition modifications) relating to income from an estate or trust (36 M.R.S. § 5122(3)). Attach a copy of your federal Schedule K-1.

Line 7. Election to recognize total gain from the sale of Maine real or tangible property – nonresidents only. Nonresident individuals may elect to recognize the entire gain from an installment sale during the taxable year of real or tangible property located in Maine. The election may only be made on a timely filed original return and, once made, is irrevocable. Enter on this line the total gain from the sale of the Maine property that would have been included in your federal adjusted gross income if you had not reported the gain on the installment sale basis, less the amount of the gain from the sale already included in your federal adjusted gross income reported on Form 1040ME, line 14. An entry on this line constitutes an election under this paragraph.

Line 8. Adjustment for loss, deductions and other expenses of a pass-through entity financial institution subject to Maine franchise tax. Under Maine law, financial institutions are subject to the Maine franchise tax, regardless of how the institution is organized. This includes a financial institution organized as a pass-through entity, such as a partnership or limited liability company. Maine law provides that the income from an ownership share in a pass-through entity financial institution is not taxable income on the owner's Maine income tax return. In like manner, any loss, deduction or expense of a pass-through entity financial institution reflected in an owner's federal income is not permitted in calculating the Maine taxable income of the owner. (36 M.R.S. § 5122(1)(K)).

Line 9. Wellness programs tax credit adjustment. Maine taxpayers who claim the Maine credit for wellness programs under 36 M.R.S. § 5219-FF and deducted related expenses on their federal tax return must increase Maine taxable income by the amount federal income was reduced. (36 M.R.S. § 5122(1)(EE)).

Line 10. Excess business losses for noncorporate taxpayers. Under the federal Coronavirus Aid, Relief, and Economic Security (CARES) Act, the effective date for the limitation on noncorporate excess business losses was deferred to tax years beginning after December 31, 2020. For Maine income tax purposes, an adjustment must be made to reverse the effect of noncorporate excess business losses used to reduce federal adjusted gross income. To calculate this amount, complete a pro forma federal Form 461 (use the 2019 federal Form 461, except substitute \$259,000 (\$518,000 if married filing jointly) for \$255,000 (\$510,000 if married filing jointly) on line 15). If the federal pro forma Form 461, line 16 is negative, enter the amount as a positive number on this line. If the federal pro forma Form 461, line 16 is positive, enter zero on this line. The amount of excess business loss disallowed for Maine tax purposes may be carried forward to subsequent tax years to the extent the carryforward amount has not been previously used to offset Maine taxable income. See *Form 1040ME, Schedule 1S, Income Subtractions*, Line 11, and related instructions.

Line 11. Business interest deduction exceeding 30% of federal adjusted taxable income. The federal CARES Act increases the allowable business interest deduction from 30% to 50% of federal adjusted taxable income. For Maine income tax purposes, business interest greater than 30% of federal adjusted taxable income may not be used to reduce Maine taxable income. To calculate this amount, complete a pro forma federal Form 8990 using the 30% business interest deduction limitation. Enter the difference between the allowable interest deduction using the 50% limitation on federal Form 8990, Line 26 and the interest deduction calculated using the 30% limitation on the pro forma federal Form 8990, Line 26. **Note:** Do not complete this line if the federal business interest expense deduction does not exceed 30% of federal adjusted taxable income.

Line 12. Reserved.

SCHEDULE 1S — SUBTRACTION INCOME MODIFICATIONS - See pages 21 and 22

For more information on Maine income modifications, visit www.maine.gov/revenue/tax-return-forms.

Also include the taxpayer's distributive share of subtraction modification items from partnerships, S corporations and other pass-through entities. If you are a resident of Maine and have income taxed by another state, you may be eligible for the Credit for Income Tax Paid to Other Jurisdictions. See Form 1040ME, Schedule A, line 12.

Line 1. If included in federal adjusted gross income, enter **income from direct obligations of the U.S. Government**, such as Series EE and Series HH Savings bonds and U.S. Treasury bills and notes.

Line 2. Enter the amount of any **state or local income tax refund** included on federal Form 1040 or 1040-SR, Schedule 1, line 1.

Line 3. If included in federal adjusted gross income, enter the taxable amount of **social security benefits** issued by the U.S. Government and **railroad retirement benefits (tier 1 and tier 2)** and **unemployment and sick benefits** issued by the U.S. Railroad Retirement Board.

Line 4. Enter the **pension income deduction** from the Worksheet for Pension Income Deduction, line 7. Include copies of your 1099 forms to verify the subtraction.

Line 5. Non-Maine active duty military pay received by a Maine resident and military compensation received by a nonresident of Maine.

Maine residents - If included in federal adjusted gross income and not otherwise removed from Maine income, enter the amount of military pay earned during the portion of the taxable year that you were a Maine resident for service performed outside of Maine in compliance with written military orders.

Military pay is compensation for: (1) active duty service in the active components of the United States Army, Navy, Air Force, Marines or Coast Guard if your permanent duty station during the performance of such service was located outside of Maine; OR (2) active duty service in

the active or reserve components of the United States Army, Navy, Air Force, Marines or Coast Guard or in the Maine National Guard if such service was in support of a federal operational mission or a declared state or federal disaster response when the orders were either at federal direction or at the direction of the Governor of Maine. **Note** that a “federal operational mission” is limited to activity in support of overseas deployment and excludes standard duty activity, such as training and administrative activities.

Nonresidents - If included in federal adjusted gross income and not otherwise removed from Maine income, enter the amount of military compensation received during the portion of the taxable year that you were a nonresident of Maine.

Line 6. Military annuity payments made to a survivor of a deceased member of the military as a result of service in the active or reserve components of the United States Army, Navy, Air Force, Marines or Coast Guard under a survivor benefit plan or reserve component survivor benefit plan in accordance with 10 United States Code, Chapter 73 are exempt from Maine individual income tax. The deduction must exclude any amount included in the Maine pension income deduction on Form 1040ME, Schedule 1S, line 4. 36 M.R.S. § 5122(2)(HH).

Line 7. Use this line only if you retired after 1988 and are receiving retirement benefits from the **Maine Public Employees Retirement System (MainePERS)**. Subtract the amount in box 16 from the amount in box 2a on Form 1099-R issued by MainePERS. Also enter on this line MainePERS rollover amounts previously taxed by the state, whether or not included in federal adjusted gross income. Rollover amounts may be subtracted fully or in part during the tax year of the rollover. Any amount not subtracted in the tax year of the rollover may be subtracted within the two years immediately following the year of the rollover. However, the total amount subtracted over the three-year period may not exceed the pick-up contributions previously taxed by Maine.

Line 8. Enter your share of a **fiduciary adjustment** (subtraction modifications) relating to income from an estate or trust (36 M.R.S. § 5122(3)). Attach a copy of your federal Schedule K-1.

Line 9. Bonus Depreciation and Section 179 Recapture amounts required to be added to income under 36 M.R.S. §§ 5122(1)(N), 5122(1)(AA), 5122(1)(FF)(2), 5122(1)(HH)(2), 5122(1)(II)(2), 5122(1)(KK)(2) or, for individual owners of certain electing S corporations, §§ 5200-A(1)(N), 5200-A(1)(T), 5200-A(1)(Y)(2), 5200-A(1)(AA)(2), 5200-A(1)(BB)(2), or 5200-A(1)(CC)(2) may be recaptured over the life of the applicable asset. For more information and examples, visit www.maine.gov/revenue/tax-return-forms (select *Income Tax Guidance Documents*).

Line 10. Enter the amount of **medical marijuana business expenses** related to carrying on a trade or business as a registered caregiver or a registered dispensary allowable for Maine tax purposes to the extent the expenses were not allowed to be deducted for federal tax purposes under Internal Revenue Code, Section 280E. Also enter your registration number or business sales tax number. Enclose a copy of a pro forma federal Schedule C or pro forma federal Form 1065 or 1120S, including Schedules K and K-1, showing the calculation of the expenses included on this line.

Line 11. Net operating loss (NOL) recapture. For Maine tax purposes, taxpayers may, in years subsequent to the year of the loss, deduct an amount equal to the net operating loss carried back for federal tax purposes that was required to be added back to Maine income under 36 M.R.S. §§ 5122(1)(H) and 5122(1)(M), except that this NOL deduction was suspended for tax years beginning in 2009, 2010 and 2011. The carryover period for suspended NOL recapture subtraction modifications is equal to the allowable federal NOL carryforward period plus the number of years the subtraction modification was suspended. Also include on this line the amount of NOL carryforward resulting from excess business losses not allowed to be claimed for Maine tax purposes for a tax year beginning in 2018 or 2019. The deduction may not reduce Maine taxable income to less than zero and must be reduced by any Maine income that was previously offset by the loss in the year of

the loss. Individual shareholders of an electing S corporation may also recapture an NOL addition modification claimed by the entity in a year the corporation was taxed as a C corporation. For more information on Maine’s treatment of NOL’s, go to www.maine.gov/revenue/tax-return-forms (select *Income Tax Guidance Documents*). 36 M.R.S. §§ 5122(2)(H), 5122(2)(P), 5122(2)(V), 5122(2)(W), and 5122(2)(CC).

Line 12. Student loan payments made by employers. If you are a qualified employee for purposes of the educational opportunity tax credit program, enter on this line the amount of qualified student loan payments **made directly to a lender by your employer** on your behalf to the extent the payments are included in your federal adjusted gross income. Do not include amounts not paid by your employer directly to the lender. Do not include amounts paid that exceed the monthly loan amount that was due (see the Worksheet for Educational Opportunity Tax Credit). **Note:** You may claim this deduction only if you received an associate or bachelor’s degree after 2007 or a graduate’s degree after 2015 and only with respect to loan payments made during that part of the tax year you were a qualified employee. A qualified employee is a qualified individual (generally, one who has met the graduation requirements of the program, is a Maine resident and who worked for an employer in Maine). See the Worksheet for Educational Opportunity Tax Credit available at www.maine.gov/revenue/tax-return-forms for more information. 36 M.R.S. § 5122(2)(FF).

Line 13. Qualified health care student loan payments. A qualified health care employee (generally, an individual who is licensed as a registered nurse, practical nurse, osteopathic physician, or to practice medicine or surgery and is employed by a hospital in Maine) may claim, to the extent included in the employee’s federal adjusted gross income, the income subtraction modification for student loan payments made by an employer directly to the lender. The modification may not be claimed for any loan payment amounts subtracted on line 12 above under 36 M.R.S. § 5122(2)(FF). 36 M.R.S. § 5122(2)(SS).

Line 14. Municipal property tax benefits for senior citizens. A municipality, by ordinance, may adopt a program that permits claimants who are at least 60 years of age to earn benefits up to a maximum \$1,000 (or, if greater, 100 times the state minimum hourly wage) by volunteering to provide services to the municipality. The amount of the benefits received during the tax year are exempt from Maine individual income tax. Enter on this line the amount of volunteer benefits you received, up to the maximum allowed, to the extent included in federal adjusted gross income. 36 M.R.S. §§ 5122(2)(EE) and 6232(1-A).

Line 15. Holocaust victim settlement payments. Settlement payments received by Holocaust victims are exempt from Maine individual income tax. Enter on this line Holocaust victim settlement payments included in federal adjusted gross income. A Holocaust victim is an individual who died, lost property, or was a victim of persecution between January 1, 1929 and December 31, 1945 in Nazi Germany or in any European country allied with or occupied by Nazi Germany as a result of discriminatory laws, policies or actions targeted against discrete groups of individuals based on race, religion, ethnicity, sexual orientation or national origin. A Holocaust victim includes the spouse or descendant of a Holocaust victim. The exemption applies only to the first taxpayer (the Holocaust victim or the spouse or descendant of the Holocaust victim) receiving a Holocaust victim settlement payment. Enter on this line the following settlement payments eligible for the exemption: 1) payment as a result of the taxpayer’s status as a Holocaust victim; 2) payment as a result of the settlement of a Holocaust-related claim; and 3) interest on any settlement payment accumulated through the date of payment. 36 M.R.S. § 5122(2)(O).

Line 16. Family Development Account proceeds. Individuals whose family income is below 200% of the poverty level may open a family development account in connection with an approved community development organization. Account balances and withdrawals are exempt from Maine individual income tax to the extent included in federal adjusted gross income. For more information, contact the University of Maine. 20-A M.R.S. § 10983(4).

Line 17. Earnings on funds held in an ABLÉ savings account. Enter on this line the amount equal to any ABLÉ savings account income, such as interest, that is included in federal adjusted gross income. 36 M.R.S. § 5122(2)(QQ).

Line 18. Interest from Maine Municipal General Obligation Bonds, Private Activity Bonds, and Airport Authority Bonds. If included in federal adjusted gross income, enter interest from Maine municipal general obligation bonds, private activity bonds, and bonds issued by a Maine airport authority.

Line 19. Amount of the reduction in your salaries and wages expense deduction. A subtraction modification is allowed on the Maine individual income tax return in an amount equal to the reduction in your salaries and wages expense deduction directly related to claiming the federal Work Opportunity Credit or Empowerment Zone Credit. These amounts are reported on federal Form 5884, line 2 or federal Form 8844, line 2. (Owners of pass-through entities, enter your share of the amount from line 3 of these forms to the extent not included on line 2). 36 M.R.S. § 5122(2)(B).

Line 20. Earnings from fishing operations. A subtraction modification is allowed on the Maine individual income tax return in an amount equal to the amount of the reduction in federal taxable income related to vessel earnings from fishing operations that were contributed to a capital construction fund. 36 M.R.S. § 5122(2)(I).

Line 21. Northern Maine Transmission Corporation investment income. The Northern Maine Transmission Corporation is a public instrumentality of the State. All bonds, notes or other evidences of indebtedness issued on behalf of the Northern Maine Transmission Corporation are issued by a political subdivision or a body corporate and politic of the State and for an essential public and governmental purpose. Those bonds, notes or other evidences of indebtedness, the interest on them and the income from them, including any profit on their sale, and all activities of the corporation and fees, charges, funds, revenue, income and other money of the corporation, whether or not pledged or available to pay or secure the payment of those bonds, notes or other evidences of indebtedness or interest on them, are exempt from Maine individual income tax. Enter on this line the amount of income from investments in the Northern Maine Transmission Corporation to the extent included in federal adjusted gross income. 10 M.R.S. § 9205.

Line 22. Maine Waste Management and Recycling Program. Revenue obligation securities issued on behalf of the Maine Waste Management and Recycling Program constitute a proper public purpose and the securities, their transfer and the income from them, including any profits made on their sale, are exempt from Maine individual income tax. Enter the amount of interest income and capital gains from the sale of bonds issued relative to the Maine Waste Management and Recycling Program to the extent included in federal adjusted gross income. 38 M.R.S. § 2218.

Line 23. Income from ownership share in a financial institution. Enter on this line all items of income, gain, interest, dividends, royalties and other items of income of a financial institution subject to the Maine franchise tax that are included in your federal adjusted gross income due to an ownership share in the financial institution that is a partnership, S

corporation, or entity disregarded as separate from its owner. Also enter the employer identification number of the financial institution. 36 M.R.S. § 5122(2)(K).

Line 24. Income from depreciation recapture on the sale of multi-family affordable housing property. To the extent not otherwise removed from Maine income, enter the total amount of capital gains and ordinary income resulting from depreciation recapture in accordance with Internal Revenue Code sections 1245 and 1250 realized on the sale of multi-family affordable housing property certified by the Maine State Housing Authority. A copy of the MSHA certificate must be attached to the return. 36 M.R.S. § 5122(2)(Z).

Line 25. Maine seed capital credit refundable distributions. Enter the refundable portion of the Maine seed capital investment tax credit allowed under 36 M.R.S. § 5216-B to the extent included in federal adjusted gross income. Private venture capital funds may claim the seed capital investment tax credit and the credit is refundable to those entities. The refundable portion of the credit is excluded from Maine taxable income. 36 M.R.S. § 5122(2)(JJ).

Line 26. Sale of eligible timberlands. A subtraction modification is allowed on the Maine individual income tax return equal to the applicable percentage of the gain from the sale of sustainably managed, eligible timberlands that is included in federal adjusted gross income. Eligible timberlands must be held by the taxpayer for at least 10 years beginning on or after January 1, 2005. Use lines 1) through 3) below to calculate the amount of the modification. 36 M.R.S. § 5122(2)(U).

- 1) Enter the gain recognized on the sale of eligible timberlands included in federal adjusted gross income\$ _____
- 2) Enter the applicable percentage amount shown below for the number of years the eligible timberlands were held by the taxpayer beginning on or after January 1, 2005..... _____

If the number of years eligible timberlands were held by the taxpayer since January 1, 2005 is:

<u>At least</u>	<u>But not over</u>	<u>Enter</u>
10	11	.0667
11	12	.1333
12	13	.2
13	14	.2667
14	15	.3333
15	16	.4

- 3) Multiply line 1 by line 2. Enter result on Schedule 1S, line 26.....\$ _____

Line 27. New markets capital investment credit. A subtraction modification is allowed on the Maine individual income tax return equal to any income recognized from the new markets capital investment credit that is included in federal adjusted gross income. 36 M.R.S. § 5122(2)(KK).

Line 28. Reserved.

Tax Credit Worksheets Required. For more information on all tax credits and related worksheets, visit www.maine.gov/revenue/tax-return-forms (select Worksheets for Tax Credits) or call (207) 626-8475. **You must complete and attach the applicable tax credit worksheet for each tax credit claimed.**

SECTION 1 - REFUNDABLE CREDITS

Line 1. Refundable portion of the Child Care Credit. For Maine residents and part-year residents only. Up to \$500 of your Child Care Credit is refundable. Enter the amount from line 5, or line 5a, of the worksheet for Child Care Credit. Enclose worksheet.

Line 2. Refundable portion of the Adult Dependent Care Credit. Up to \$500 of your credit may be refundable. Enter the amount from line 7, or line 7a, of the worksheet for Adult Dependent Care Credit. Enclose worksheet.

Line 3. Refundable Earned Income Tax Credit. For Maine residents and part-year residents only. Your Maine earned income tax credit is refundable. Enter the amount from line 2, 3, or 4 of the worksheet for Earned Income Tax Credit, whichever is applicable. **Taxpayers at least age 18 but under age 25:** If you, or your spouse (if married filing a joint return) was, age 18 but not older than 24 as of the last day of the tax year, had no qualifying child during the tax year, and would have otherwise qualified for the federal earned income credit (EIC), you may be able to claim the Maine earned income tax credit, even if you were not eligible to claim the federal credit. To determine if you can claim the Maine earned income tax credit, see the Earned Income Tax Credit Worksheet available at www.maine.gov/revenue/tax-return-forms. Enclose worksheet.

Line 4. Refundable Credit for Educational Opportunity. Graduates of accredited colleges and universities who have obtained a bachelor's degree in science, technology, engineering or mathematics or an associate degree may qualify for a refundable credit based on certain loan payments made in 2020. Enclose worksheet.

Line 5. Rehabilitation of historic properties after 2007. If you have qualified rehabilitation expenditures associated with a historic structure located in Maine that is placed in service during the tax year, you may qualify for this credit. Enclose worksheet.

Line 6. New Markets Capital Investment Credit. An investor that holds a qualified equity investment certificate may be eligible for this credit. Enclose worksheet.

SECTION 2 - NONREFUNDABLE TAX CREDITS:

Line 8. Dependent Exemption Tax Credit. Multiply the amount shown on line 13a by \$300. **CAUTION:** Your credit may be limited if the amount on Form 1040ME, line 16 is more than \$200,000 (\$400,000 if married filing jointly) OR if you are a nonresident or part-year resident. Complete the Worksheet for Dependent Exemption Tax Credit. Enclose worksheet.

Line 9. Nonrefundable portion of the Child Care Credit. Enter the amount from line 6, or line 6a, of the worksheet for Child Care Credit. Enclose worksheet.

Line 10. Nonrefundable portion of the Adult Dependent Care Credit. Enter the amount from line 8, or line 8a, of the worksheet for Adult Dependent Care Credit. Enclose worksheet.

Line 11. Nonrefundable Earned Income Tax Credit. For nonresidents only. See the instructions for line 3 above. Enter the amount from line 4 of the worksheet for Earned Income Tax Credit. Enclose worksheet.

Line 12. Credit for Income Tax Paid to Other Jurisdictions. Enter the amount from line 5 of the worksheet for Credit for Income Tax Paid to Other Jurisdictions. Enclose worksheet(s).

Line 13. Maine Seed Capital Credit. If you invested in a qualified Maine business of which you are not a principal owner, you may qualify for a credit through the Finance Authority of Maine. Enclose worksheet.

Line 14. Nonrefundable Credit for Educational Opportunity. Graduates of accredited colleges and universities (or employers of qualified graduates) may qualify for a credit based on certain loan payments made in 2020. Enclose worksheet.

Line 15. Maine Capital Investment Credit. If your business placed depreciable property in service in Maine for which federal bonus depreciation was claimed, you may qualify for this credit. Enclose worksheet.

Line 16. Research Expense Tax Credit. If your business invested in research, you may qualify for this credit for your portion of the expenses. Enclose worksheet.

Line 17. Carryforward of Certain Credits. Enter on this line unused portions of the following credits carried forward from prior years: ● Super Credit for Substantially Increased Research and Development ● Maine Minimum Tax Credit ● High-technology investment tax credit ● Biofuel Production Tax Credit ● Jobs and Investment Tax Credit ● Employer credits for payment of employee expenses (long-term care insurance, day care expenses) ● “Step 4” Quality Child Care Investment Tax Credit. Enclose worksheet(s) or supporting documentation for each credit claimed.

Line 18. Pine Tree Development Zone Credits. If you expanded your business in Maine, you may qualify for this credit, certified through the Department of Economic and Community Development. Enclose worksheet.

Line 19. Employer Credit for Family and Medical Leave. Enter the amount claimed for the federal credit for employer-paid family and medical leave under Internal Revenue Code, Section 45S as a result of wages paid to employees based in Maine during the taxable year. Enclose the Maine credit worksheet.

Line 20. Other Tax Credits. Enter on this line: ● Wellness Programs Credit ● Media Production Credit ● Credit for Certain Homestead Modifications (AccessAble Home Tax Credit) ● Credit for Disability Income Protection Plans in the Workplace. Enclose applicable worksheet(s).

Nonresidents and “Safe Harbor” Residents only: Personal credits (Form 1040ME, Schedule A, lines 1, 2, 3, 4, 8, 9, 10, 11, 12, and 14) are limited to the Maine residency period or prorated based on the ratio of Maine income to total income. Business tax credits on Form 1040ME, Schedule A, line 13 and lines 15 through 20 may be claimed in their entirety, up to the Maine tax liability. Carryover provisions may apply.

PROPERTY TAX FAIRNESS CREDIT

(Form 1040ME, line 25d)

You may qualify for a **refundable** Property Tax Fairness Credit up to \$750 (\$1,200 if you are 65 years of age or older) if you meet all of the following:

- You were a Maine resident during any part of the tax year;
- You owned or rented a home in Maine during any part of the tax year and lived in that home as your principal residence during the year;
- Your total income during 2020 was less than the amount shown in the table below for your filing status and the number of qualifying children and dependents on Form 1040ME, line 13a:

If your Filing Status is: ↓	Form 1040ME, line 13a is:		
	AND 0	OR 1	OR more than 1
	Your income must be less than:		
Single	\$42,000	\$42,000	\$42,000
Head of Household	\$54,000	\$54,000	\$67,000
Married filing Jointly or Qualifying Widow(er)	\$54,000	\$67,000	\$67,000

- You paid property tax on your home (principal residence) in Maine during the tax year that is greater than 5% of your total income or you paid rent on your home (principal residence) in Maine during the tax year that is greater than 33.33% of your total income. **Note** that the amount of property tax or rent you can include may be limited. See line 7 on Schedule PTFC/STFC.
- Your filing status is single, head of household, married filing jointly, or qualifying widow(er).

Note that you cannot take the Property Tax Fairness Credit if your filing status is married filing separately.

See Schedule PTFC/STFC for more information.

SALES TAX FAIRNESS CREDIT

(Form 1040ME, line 25e)

You may qualify for a **refundable** Sales Tax Fairness Credit up to \$230, depending on the number of qualifying children and dependents on Form 1040ME, line 13a, if you meet all of the following:

- You were a Maine resident during any part of the tax year;
- Your total income during 2020 was not more than \$27,100 if filing single; \$42,900 if filing head of household; or, \$53,200 if married filing jointly;
- Your filing status is single, head of household, married filing jointly, or qualifying widow(er).

Note that you cannot take the Sales Tax Fairness Credit if your filing status is married filing separately or if you are claimed as a dependent on another person's return.

See Schedule PTFC/STFC for more information.

2020 Tax Year Quick Facts

- Maine personal exemption amount: \$4,300.
- Maine standard deduction base amounts:
 - \$12,400 single or married filing separately;
 - \$18,650 head of household;
 - \$24,800 married filing jointly or qualifying widow(er).
- Maine itemized deductions are limited to \$30,050, except medical expenses are not subject to the limit.
 - Use Form 1040ME, **Schedule 2** to claim Maine itemized deductions.
- To report income that is taxable in Maine but not by the federal government (**income additions**), use Form 1040ME, **Schedule 1A**. To report income that is taxable by the federal government but not in Maine (**income subtractions**), use Form 1040ME, **Schedule 1S**.
- Property Tax Fairness Credit maximum income limitation: \$42,000 if single; \$67,000 if head of household or married filing jointly or qualifying widow(er). See Schedule PTFC/STFC for more information. Married taxpayers filing separate tax returns do not qualify for the credit.
- Sales Tax Fairness Credit maximum income limitation: \$27,100 single; \$42,900 head of household; or, \$53,200 married filing jointly or qualifying widow(er). See Schedule PTFC/STFC for more information. Married taxpayers filing separate tax returns do not qualify for the credit.
- Child and dependent care credit is refundable for Maine residents and part-year residents, up to \$500.
- Adult dependent care credit is refundable for Maine residents and part-year residents, up to \$500.
- Earned income tax credit is refundable for Maine residents and part-year residents.
- Dependent exemption tax credit, up to \$300 for each qualifying child or dependent, subject to phaseout.
- Educational opportunity tax credit may be available if you obtained an associate degree or bachelor's degree in Maine after 2007 or from a Maine or non-Maine college after 2015 or a graduate degree from a Maine college after 2015 and you have outstanding educational loans for that degree.

2020 MAINE INCOME TAX TABLE

If Line 19 Form 1040ME is:		And Your Filing Status is:			If Line 19 Form 1040ME is:		And Your Filing Status is:			If Line 19 Form 1040ME is:		And Your Filing Status is:							
At Least	But Less Than	Single or Married-Filing Separately	Married Filing Jointly*	Head of Household	At Least	But Less Than	Single or Married-Filing Separately	Married Filing Jointly*	Head of Household	At Least	But Less Than	Single or Married-Filing Separately	Married Filing Jointly*	Head of Household					
Your Tax is:					Your Tax is:					Your Tax is:					Your Tax is:				
0					7,000					14,000					21,000				
0	100	3	3	3	7,000	7,100	409	409	409	14,000	14,100	815	815	815	21,000	21,100	1,221	1,221	1,221
100	200	9	9	9	7,100	7,200	415	415	415	14,100	14,200	821	821	821	21,100	21,200	1,227	1,227	1,227
200	300	15	15	15	7,200	7,300	421	421	421	14,200	14,300	827	827	827	21,200	21,300	1,233	1,233	1,233
300	400	20	20	20	7,300	7,400	426	426	426	14,300	14,400	832	832	832	21,300	21,400	1,238	1,238	1,238
400	500	26	26	26	7,400	7,500	432	432	432	14,400	14,500	838	838	838	21,400	21,500	1,244	1,244	1,244
500	600	32	32	32	7,500	7,600	438	438	438	14,500	14,600	844	844	844	21,500	21,600	1,250	1,250	1,250
600	700	38	38	38	7,600	7,700	444	444	444	14,600	14,700	850	850	850	21,600	21,700	1,256	1,256	1,256
700	800	44	44	44	7,700	7,800	450	450	450	14,700	14,800	856	856	856	21,700	21,800	1,262	1,262	1,262
800	900	49	49	49	7,800	7,900	455	455	455	14,800	14,900	861	861	861	21,800	21,900	1,267	1,267	1,267
900	1,000	55	55	55	7,900	8,000	461	461	461	14,900	15,000	867	867	867	21,900	22,000	1,273	1,273	1,273
1,000					8,000					15,000					22,000				
1,000	1,100	61	61	61	8,000	8,100	467	467	467	15,000	15,100	873	873	873	22,000	22,100	1,279	1,279	1,279
1,100	1,200	67	67	67	8,100	8,200	473	473	473	15,100	15,200	879	879	879	22,100	22,200	1,285	1,285	1,285
1,200	1,300	73	73	73	8,200	8,300	479	479	479	15,200	15,300	885	885	885	22,200	22,300	1,291	1,291	1,291
1,300	1,400	78	78	78	8,300	8,400	484	484	484	15,300	15,400	890	890	890	22,300	22,400	1,298	1,298	1,298
1,400	1,500	84	84	84	8,400	8,500	490	490	490	15,400	15,500	896	896	896	22,400	22,500	1,305	1,302	1,302
1,500	1,600	90	90	90	8,500	8,600	496	496	496	15,500	15,600	902	902	902	22,500	22,600	1,312	1,308	1,308
1,600	1,700	96	96	96	8,600	8,700	502	502	502	15,600	15,700	908	908	908	22,600	22,700	1,318	1,314	1,314
1,700	1,800	102	102	102	8,700	8,800	508	508	508	15,700	15,800	914	914	914	22,700	22,800	1,325	1,320	1,320
1,800	1,900	107	107	107	8,800	8,900	513	513	513	15,800	15,900	919	919	919	22,800	22,900	1,332	1,325	1,325
1,900	2,000	113	113	113	8,900	9,000	519	519	519	15,900	16,000	925	925	925	22,900	23,000	1,339	1,331	1,331
2,000					9,000					16,000					23,000				
2,000	2,100	119	119	119	9,000	9,100	525	525	525	16,000	16,100	931	931	931	23,000	23,100	1,345	1,337	1,337
2,100	2,200	125	125	125	9,100	9,200	531	531	531	16,100	16,200	937	937	937	23,100	23,200	1,352	1,343	1,343
2,200	2,300	131	131	131	9,200	9,300	537	537	537	16,200	16,300	943	943	943	23,200	23,300	1,359	1,349	1,349
2,300	2,400	136	136	136	9,300	9,400	542	542	542	16,300	16,400	948	948	948	23,300	23,400	1,366	1,354	1,354
2,400	2,500	142	142	142	9,400	9,500	548	548	548	16,400	16,500	954	954	954	23,400	23,500	1,372	1,360	1,360
2,500	2,600	148	148	148	9,500	9,600	554	554	554	16,500	16,600	960	960	960	23,500	23,600	1,379	1,366	1,366
2,600	2,700	154	154	154	9,600	9,700	560	560	560	16,600	16,700	966	966	966	23,600	23,700	1,386	1,372	1,372
2,700	2,800	160	160	160	9,700	9,800	566	566	566	16,700	16,800	972	972	972	23,700	23,800	1,393	1,378	1,378
2,800	2,900	165	165	165	9,800	9,900	571	571	571	16,800	16,900	977	977	977	23,800	23,900	1,399	1,383	1,383
2,900	3,000	171	171	171	9,900	10,000	577	577	577	16,900	17,000	983	983	983	23,900	24,000	1,406	1,389	1,389
3,000					10,000					17,000					24,000				
3,000	3,100	177	177	177	10,000	10,100	583	583	583	17,000	17,100	989	989	989	24,000	24,100	1,413	1,395	1,395
3,100	3,200	183	183	183	10,100	10,200	589	589	589	17,100	17,200	995	995	995	24,100	24,200	1,420	1,401	1,401
3,200	3,300	189	189	189	10,200	10,300	595	595	595	17,200	17,300	1,001	1,001	1,001	24,200	24,300	1,426	1,407	1,407
3,300	3,400	194	194	194	10,300	10,400	600	600	600	17,300	17,400	1,006	1,006	1,006	24,300	24,400	1,433	1,412	1,412
3,400	3,500	200	200	200	10,400	10,500	606	606	606	17,400	17,500	1,012	1,012	1,012	24,400	24,500	1,440	1,418	1,418
3,500	3,600	206	206	206	10,500	10,600	612	612	612	17,500	17,600	1,018	1,018	1,018	24,500	24,600	1,447	1,424	1,424
3,600	3,700	212	212	212	10,600	10,700	618	618	618	17,600	17,700	1,024	1,024	1,024	24,600	24,700	1,453	1,430	1,430
3,700	3,800	218	218	218	10,700	10,800	624	624	624	17,700	17,800	1,030	1,030	1,030	24,700	24,800	1,460	1,436	1,436
3,800	3,900	223	223	223	10,800	10,900	629	629	629	17,800	17,900	1,035	1,035	1,035	24,800	24,900	1,467	1,441	1,441
3,900	4,000	229	229	229	10,900	11,000	635	635	635	17,900	18,000	1,041	1,041	1,041	24,900	25,000	1,474	1,447	1,447
4,000					11,000					18,000					25,000				
4,000	4,100	235	235	235	11,000	11,100	641	641	641	18,000	18,100	1,047	1,047	1,047	25,000	25,100	1,480	1,453	1,453
4,100	4,200	241	241	241	11,100	11,200	647	647	647	18,100	18,200	1,053	1,053	1,053	25,100	25,200	1,487	1,459	1,459
4,200	4,300	247	247	247	11,200	11,300	653	653	653	18,200	18,300	1,059	1,059	1,059	25,200	25,300	1,494	1,465	1,465
4,300	4,400	252	252	252	11,300	11,400	658	658	658	18,300	18,400	1,064	1,064	1,064	25,300	25,400	1,501	1,470	1,470
4,400	4,500	258	258	258	11,400	11,500	664	664	664	18,400	18,500	1,070	1,070	1,070	25,400	25,500	1,507	1,476	1,476
4,500	4,600	264	264	264	11,500	11,600	670	670	670	18,500	18,600	1,076	1,076	1,076	25,500	25,600	1,514	1,482	1,482
4,600	4,700	270	270	270	11,600	11,700	676	676	676	18,600	18,700	1,082	1,082	1,082	25,600	25,700	1,521	1,488	1,488
4,700	4,800	276	276	276	11,700	11,800	682	682	682	18,700	18,800	1,088	1,088	1,088	25,700	25,800	1,528	1,494	1,494
4,800	4,900	281	281	281	11,800	11,900	687	687	687	18,800	18,900	1,093	1,093	1,093	25,800	25,900	1,534	1,499	1,499
4,900	5,000	287	287	287	11,900	12,000	693	693	693	18,900	19,000	1,099	1,099	1,099	25,900	26,000	1,541	1,505	1,505
5,000					12,000					19,000					26,000				
5,000	5,100	293	293	293	12,000	12,100	699	699	699	19,000	19,100	1,105	1,105	1,105	26,000	26,100	1,548	1,511	1,511
5,100	5,200	299	299	299	12,100	12,200	705	705	705	19,100	19,200	1,111	1,111	1,111	26,100	26,200	1,555	1,517	1,517
5,200	5,300	305	305	305	12,200	12,300	711	711	711	19,200	19,300	1,117	1,117	1,117	26,200	26,300	1,561	1,523	1,523
5,300	5,400	310	310	310	12,300	12,400	716	716	716	19,300	19,400	1,122	1,122	1,122	26,300	26,400	1,568	1,528	1,528
5,400	5,500	316	316	316	12,400	12,500	722	722	722	19,400	19,500	1,128	1,128	1,128	26,400	26,500	1,575	1,534	1,534
5,500	5,600	322	322	322	12,500	12,600	728	728	728	19,500	19,600	1,134	1,134	1,134	26,500	26,600	1,582	1,540	1,540
5,600	5,700	328	328	328	12,600	12,700	734	734	734	19,600	19,700	1,140	1,140	1,140	26,600	26,700	1,588	1,546	1,546
5,700	5,800	334	334	334	12,700	12,800	740	740	740	19,700	19,800	1,146	1						

2020 MAINE INCOME TAX TABLE

If Line 19 Form 1040ME is:		And Your Filing Status is:			If Line 19 Form 1040ME is:		And Your Filing Status is:			If Line 19 Form 1040ME is:		And Your Filing Status is:							
At Least	But Less Than	Single or Married-Filing Separately	Married Filing Jointly*	Head of Household	At Least	But Less Than	Single or Married-Filing Separately	Married Filing Jointly*	Head of Household	At Least	But Less Than	Single or Married-Filing Separately	Married Filing Jointly*	Head of Household					
Your Tax is:					Your Tax is:					Your Tax is:					Your Tax is:				
28,000					35,000					42,000					47,000				
28,000	28,100	1,683	1,627	1,627	35,000	35,100	2,155	2,033	2,049	42,000	42,100	2,628	2,439	2,522	47,000	47,100	2,965	2,754	2,859
28,100	28,200	1,690	1,633	1,633	35,100	35,200	2,162	2,039	2,056	42,100	42,200	2,635	2,445	2,528	47,100	47,200	2,972	2,760	2,866
28,200	28,300	1,696	1,639	1,639	35,200	35,300	2,169	2,045	2,063	42,200	42,300	2,641	2,451	2,535	47,200	47,300	2,979	2,767	2,873
28,300	28,400	1,703	1,644	1,644	35,300	35,400	2,176	2,050	2,069	42,300	42,400	2,648	2,456	2,542	47,300	47,400	2,986	2,774	2,879
28,400	28,500	1,710	1,650	1,650	35,400	35,500	2,182	2,056	2,076	42,400	42,500	2,655	2,462	2,549	47,400	47,500	2,992	2,781	2,886
28,500	28,600	1,717	1,656	1,656	35,500	35,600	2,189	2,062	2,083	42,500	42,600	2,662	2,468	2,555	47,500	47,600	2,999	2,787	2,893
28,600	28,700	1,723	1,662	1,662	35,600	35,700	2,196	2,068	2,090	42,600	42,700	2,668	2,474	2,562	47,600	47,700	3,006	2,794	2,900
28,700	28,800	1,730	1,668	1,668	35,700	35,800	2,203	2,074	2,096	42,700	42,800	2,675	2,480	2,569	47,700	47,800	3,013	2,801	2,906
28,800	28,900	1,737	1,673	1,673	35,800	35,900	2,209	2,079	2,103	42,800	42,900	2,682	2,485	2,576	47,800	47,900	3,019	2,808	2,913
28,900	29,000	1,744	1,679	1,679	35,900	36,000	2,216	2,085	2,110	42,900	43,000	2,689	2,491	2,582	47,900	48,000	3,026	2,814	2,920
29,000					36,000					43,000					48,000				
29,000	29,100	1,750	1,685	1,685	36,000	36,100	2,223	2,091	2,117	43,000	43,100	2,695	2,497	2,589	48,000	48,100	3,033	2,821	2,927
29,100	29,200	1,757	1,691	1,691	36,100	36,200	2,230	2,097	2,123	43,100	43,200	2,702	2,503	2,596	48,100	48,200	3,040	2,828	2,933
29,200	29,300	1,764	1,697	1,697	36,200	36,300	2,236	2,103	2,130	43,200	43,300	2,709	2,509	2,603	48,200	48,300	3,046	2,835	2,940
29,300	29,400	1,771	1,702	1,702	36,300	36,400	2,243	2,108	2,137	43,300	43,400	2,716	2,514	2,609	48,300	48,400	3,053	2,841	2,947
29,400	29,500	1,777	1,708	1,708	36,400	36,500	2,250	2,114	2,144	43,400	43,500	2,722	2,520	2,616	48,400	48,500	3,060	2,848	2,954
29,500	29,600	1,784	1,714	1,714	36,500	36,600	2,257	2,120	2,150	43,500	43,600	2,729	2,526	2,623	48,500	48,600	3,067	2,855	2,960
29,600	29,700	1,791	1,720	1,720	36,600	36,700	2,263	2,126	2,157	43,600	43,700	2,736	2,532	2,630	48,600	48,700	3,073	2,862	2,967
29,700	29,800	1,798	1,726	1,726	36,700	36,800	2,270	2,132	2,164	43,700	43,800	2,743	2,538	2,636	48,700	48,800	3,080	2,868	2,974
29,800	29,900	1,804	1,731	1,731	36,800	36,900	2,277	2,137	2,171	43,800	43,900	2,749	2,543	2,643	48,800	48,900	3,087	2,875	2,981
29,900	30,000	1,811	1,737	1,737	36,900	37,000	2,284	2,143	2,177	43,900	44,000	2,756	2,549	2,650	48,900	49,000	3,094	2,882	2,987
30,000					37,000					44,000					49,000				
30,000	30,100	1,818	1,743	1,743	37,000	37,100	2,290	2,149	2,184	44,000	44,100	2,763	2,555	2,657	49,000	49,100	3,100	2,889	2,994
30,100	30,200	1,825	1,749	1,749	37,100	37,200	2,297	2,155	2,191	44,100	44,200	2,770	2,561	2,663	49,100	49,200	3,107	2,895	3,001
30,200	30,300	1,831	1,755	1,755	37,200	37,300	2,304	2,161	2,198	44,200	44,300	2,776	2,567	2,670	49,200	49,300	3,114	2,902	3,008
30,300	30,400	1,838	1,760	1,760	37,300	37,400	2,311	2,166	2,204	44,300	44,400	2,783	2,572	2,677	49,300	49,400	3,121	2,909	3,014
30,400	30,500	1,845	1,766	1,766	37,400	37,500	2,317	2,172	2,211	44,400	44,500	2,790	2,578	2,684	49,400	49,500	3,127	2,916	3,021
30,500	30,600	1,852	1,772	1,772	37,500	37,600	2,324	2,178	2,218	44,500	44,600	2,797	2,585	2,690	49,500	49,600	3,134	2,922	3,028
30,600	30,700	1,858	1,778	1,778	37,600	37,700	2,331	2,184	2,225	44,600	44,700	2,803	2,592	2,697	49,600	49,700	3,141	2,929	3,035
30,700	30,800	1,865	1,784	1,784	37,700	37,800	2,338	2,190	2,231	44,700	44,800	2,810	2,598	2,704	49,700	49,800	3,148	2,936	3,041
30,800	30,900	1,872	1,789	1,789	37,800	37,900	2,344	2,195	2,238	44,800	44,900	2,817	2,605	2,711	49,800	49,900	3,154	2,943	3,048
30,900	31,000	1,879	1,795	1,795	37,900	38,000	2,351	2,201	2,245	44,900	45,000	2,824	2,612	2,717	49,900	50,000	3,161	2,949	3,055
31,000					38,000					45,000					50,000				
31,000	31,100	1,885	1,801	1,801	38,000	38,100	2,358	2,207	2,252	45,000	45,100	2,830	2,619	2,724	50,000	50,100	3,168	2,956	3,062
31,100	31,200	1,892	1,807	1,807	38,100	38,200	2,365	2,213	2,258	45,100	45,200	2,837	2,625	2,731	50,100	50,200	3,175	2,963	3,068
31,200	31,300	1,899	1,813	1,813	38,200	38,300	2,371	2,219	2,265	45,200	45,300	2,844	2,632	2,738	50,200	50,300	3,181	2,970	3,075
31,300	31,400	1,906	1,818	1,818	38,300	38,400	2,378	2,224	2,272	45,300	45,400	2,851	2,639	2,744	50,300	50,400	3,188	2,976	3,082
31,400	31,500	1,912	1,824	1,824	38,400	38,500	2,385	2,230	2,279	45,400	45,500	2,857	2,646	2,751	50,400	50,500	3,195	2,983	3,089
31,500	31,600	1,919	1,830	1,830	38,500	38,600	2,392	2,236	2,285	45,500	45,600	2,864	2,652	2,758	50,500	50,600	3,202	2,990	3,095
31,600	31,700	1,926	1,836	1,836	38,600	38,700	2,398	2,242	2,292	45,600	45,700	2,871	2,659	2,765	50,600	50,700	3,208	2,997	3,102
31,700	31,800	1,933	1,842	1,842	38,700	38,800	2,405	2,248	2,299	45,700	45,800	2,878	2,666	2,771	50,700	50,800	3,215	3,003	3,109
31,800	31,900	1,939	1,847	1,847	38,800	38,900	2,412	2,253	2,306	45,800	45,900	2,884	2,673	2,778	50,800	50,900	3,222	3,010	3,116
31,900	32,000	1,946	1,853	1,853	38,900	39,000	2,419	2,259	2,312	45,900	46,000	2,891	2,679	2,785	50,900	51,000	3,229	3,017	3,122
32,000					39,000					46,000					51,000				
32,000	32,100	1,953	1,859	1,859	39,000	39,100	2,425	2,265	2,319	46,000	46,100	2,898	2,686	2,792	51,000	51,100	3,235	3,024	3,129
32,100	32,200	1,960	1,865	1,865	39,100	39,200	2,432	2,271	2,326	46,100	46,200	2,905	2,693	2,798	51,100	51,200	3,242	3,030	3,136
32,200	32,300	1,966	1,871	1,871	39,200	39,300	2,439	2,277	2,333	46,200	46,300	2,911	2,700	2,805	51,200	51,300	3,249	3,037	3,143
32,300	32,400	1,973	1,876	1,876	39,300	39,400	2,446	2,282	2,339	46,300	46,400	2,918	2,706	2,812	51,300	51,400	3,256	3,044	3,149
32,400	32,500	1,980	1,882	1,882	39,400	39,500	2,452	2,288	2,346	46,400	46,500	2,925	2,713	2,819	51,400	51,500	3,262	3,051	3,156
32,500	32,600	1,987	1,888	1,888	39,500	39,600	2,459	2,294	2,353	46,500	46,600	2,932	2,720	2,825	51,500	51,600	3,269	3,057	3,163
32,600	32,700	1,993	1,894	1,894	39,600	39,700	2,466	2,300	2,360	46,600	46,700	2,938	2,727	2,832	51,600	51,700	3,276	3,064	3,170
32,700	32,800	2,000	1,900	1,900	39,700	39,800	2,473	2,306	2,366	46,700	46,800	2,945	2,733	2,839	51,700	51,800	3,283	3,071	3,176
32,800	32,900	2,007	1,905	1,905	39,800	39,900	2,479	2,311	2,373	46,800	46,900	2,952	2,740	2,846	51,800	51,900	3,289	3,078	3,183
32,900	33,000	2,014	1,911	1,911	39,900	40,000	2,486	2,317	2,380	46,900	47,000	2,959	2,747	2,852	51,900	52,000	3,296	3,084	3,190
33,000					40,000					47,000					52,000				
33,000	33,100	2,020	1,917	1,917	40,000	40,100	2,493	2,323	2,387	47,000	47,100	2,965	2,754	2,859	52,000	52,100	3,302	3,091	3,196
33,100	33,200	2,027	1,923	1,923	40,100	40,200	2,500	2,329	2,393	47,100	47,200	2,972	2,760	2,866	52,100	52,200	3,309	3,097	3,202
33,200	33,300	2,034	1,929	1,929															