



# Worksheet for Form 1040ME, Schedule 1, Line 2k Income Modifications - Other Subtractions



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Use this worksheet to list Other Subtraction Income Modifications - for amounts that are taxable by the federal government but not by Maine in order to complete Form 1040ME, Schedule 1, line 2k. Include only items specifically listed below.

Include the taxpayer's distributive share of each item from partnerships, S corporations and other pass-through entities.

See pages 2 through 4 for a description of each item listed below.

Name(s) as shown on Form 1040ME	Your Social Security Number	
<input type="text"/>	<input type="text"/>	
1. <b>Net operating losses</b> carried forward from previous tax years .....	<input type="text"/>	.00
2. <b>Interest from Maine Municipal General Obligation Bonds, Private Activity Bonds, and Airport Authority Bonds</b> included in federal adjusted gross income.....	<input type="text"/>	.00
3. <b>Military annuity payments</b> made to a survivor of a deceased member of the military .....	<input type="text"/>	.00
4. <b>Student loan payments</b> made by your employer under the Maine educational opportunity program .....	<input type="text"/>	.00
5. <b>Amount of the reduction in your salaries and wages expense deduction</b> related to claiming the federal Work Opportunity Credit or Empowerment Zone Credit .....	<input type="text"/>	.00
6. <b>Holocaust victim settlement payments</b> .....	<input type="text"/>	.00
7. <b>Family Development Account</b> proceeds .....	<input type="text"/>	.00
8. <b>Earnings from fishing operations</b> contributed to a capital construction fund .....	<input type="text"/>	.00
9. <b>Northern Maine Transmission Corporation</b> investment income.....	<input type="text"/>	.00
10. <b>Municipal property tax benefits</b> for senior citizens .....	<input type="text"/>	.00
11. <b>Maine Waste Management &amp; Recycling Program</b> - interest income and capital gains from the sale of program bonds .....	<input type="text"/>	.00
12. <b>All items of income, gain, interest, dividends, royalties and other items of income</b> of a pass-through financial institution due to an ownership share in the financial institution. (EIN of financial institution _____ ) .....	<input type="text"/>	.00
13. <b>The total of capital gains</b> and ordinary income resulting from depreciation recapture from the sale of multi-family affordable housing property. ....	<input type="text"/>	.00
14. <b>Maine seed capital credit</b> distributions from a private venture capital fund .....	<input type="text"/>	.00
15. <b>Sale of eligible timberlands</b> .....	<input type="text"/>	.00
16. <b>New markets capital investment credit</b> .....	<input type="text"/>	.00
17. <b>Total Other Subtractions</b> (add lines 1 through 16 and enter the total here and on Form 1040ME, Schedule 1, line 2k).....	<input type="text"/>	.00

## Worksheet for Form 1040ME, Schedule 1, Line 2k Income Modifications - Other Subtractions

- Line 1. 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. 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/forms](http://www.maine.gov/revenue/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 2. 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 3. 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 1, line 2d. 36 M.R.S. § 5122(2)(HH).
- Line 4. 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 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/forms](http://www.maine.gov/revenue/forms) for more information. 36 M.R.S. § 5122(2)(FF).
- Line 5. 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 6. Holocaust victim settlement payments.** Settlement payments received by Holocaust victims are exempt from Maine individual income tax. Enter on line 6 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 7. 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 Finance Authority of Maine. 10 M.R.S. § 1077(4).
- Line 8. 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 9. 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 line 9 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 10. 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 line 10 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 11. 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 12. 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 13. 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 14. 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 15. 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

3) Multiply line 1 by line 2. Enter on Line 15 of the Worksheet for Form 1040ME, Schedule 1, Line 2k, Income Modifications - Other Subtractions ..... \_\_\_\_\_

**Line 16. 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).