

2020 Educational Opportunity Tax Credit Worksheet



for Maine Resident & Part-year Resident Individuals

36 M.R.S. § 5217-D



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IMPORTANT NOTE: Use this worksheet if you paid education loan payments directly to the lender. If you are claiming the credit for more than one degree, complete a separate worksheet for each degree. If your employer also made student loan payments on your behalf, you must complete and attach the Educational Opportunity Tax Credit - Employer/Employee Affidavit. See instructions.

Note: If this is the first year you are claiming this credit, you must include a complete copy of your college transcript, proof of the educational loans that qualify for the credit and proof of the educational loan payments you paid directly to the lender during the tax year. Additionally, Maine Revenue Services may request additional documentation supporting your claim in subsequent tax years.

Name of Taxpayer (Graduate) Graduate's Social Security Number
XX 999 99 9999

Lines A - C. Check the type of degree you received. Check only one box.
A [X] Bachelor's D If Box A is checked, also check here if this is a degree in Science, Technology, Engineering or Mathematics ("STEM"). [X]
B [X] Associate See instructions.
C [X] Graduate E Date you graduated: 99 99 9999

F College or university from which you obtained the degree: XXX

G State where the college or university is located: XX (Enter the two-digit state abbreviation)

H Name of degree as it appears on your diploma: XXX
(Example: Bachelor of Science Computer Science)

I Check this box if your employer also made student loan payments directly to the lender on your behalf. If checked, complete and enclose the Educational Opportunity Tax Credit - Employer/Employee Affidavit. See instructions. [X]

1. Eligible payments. Enter the amount from the Educational Opportunity Tax Credit - Loan Payment Schedule, line 4 or if box I is checked the Employer/Employee Affidavit, line 5... 1. 9999 .00

Proration factor. If your education loans include amounts borrowed for credit hours earned toward your degree before January 1, 2008, complete lines 2, 3 and 4. Otherwise, enter the amount from line 1 on line 5.

2. Enter the number of credit hours you earned toward your degree after December 31, 2007.. 2. 999

3. Enter the total number of credit hours earned for your degree (Do not enter more than the total number of credit hours required to earn the degree.)..... 3. 999

4. Divide line 2 by line 3. (Round the result to four decimal places. Do not enter more than 1.0000.) ... 4. 9 . 9999

5. If you completed lines 2, 3 and 4, multiply line 1 by line 4. Otherwise, enter the amount from line 1 5. 9999 .00

a) Refundable credit. If either box B or box D above is checked, enter the amount from line 5. Also enter this amount on Form 1040ME, Schedule A, line 4..... 5a. 9999 .00

b) If neither box B nor box D above is checked, enter the amount from line 5. 5b. 9999 .00

6. Enter the carryforward of unused credit amounts from prior tax years..... 6. 9999 .00

7. Nonrefundable credit. Add lines 5b and 6. Enter the total here and on Form 1040ME, Schedule A, line 14 7. 9999 .00

Note: MRS may request additional information supporting the credit claimed before the return can be processed. The credit amount on line 7 cannot exceed your tax due; however, unused credit amounts may be carried forward for up to 10 years - see instructions. Keep a record of the unused credit amount available for future tax years.

2020 Educational Opportunity Tax Credit - Loan Payment Schedule

for line 1 of the 2020 Educational Opportunity Tax Credit Worksheet

Your name: XX Social security number: 999 99 9999

Complete this schedule to determine the amount of eligible education loan payment amounts that may be used to calculate your credit. Include only eligible education loan amounts. See instructions.

If you were a part-year resident during the tax year, enter the dates you were a Maine resident:
 from 99 99, 2020 to 99 99 9999.

1. Enter the number of months* during the tax year in which you met all of the following (see instructions): 1. 99
 a) were a Maine resident,
 b) worked in Maine (see instructions) or were deployed for military service in the U.S. Armed Forces, or worked at least part-time on a vessel at sea, and
 c) paid eligible education loan payments directly to the lender (during any part of the year)
***Count any part of a month as an entire month**

2. **Consolidated loans.** Are the eligible education loans you obtained to earn the degree consolidated with other education loans? 2. Yes No
 If yes, you must prorate your eligible loan payments. Complete lines 2a through 2c below.
If no enter 1.0000 on line 2c below.
 Note: If your consolidated loan includes noneducational loans, you do not qualify for the educational opportunity tax credit.

a) Enter the amount of education loans obtained to earn the degree listed on page 1, line H that are included in the total consolidated loan 2a. 999999
 b) Enter the total consolidated loan amount 2b. 999999
 c) Divide line 2a by line 2b..... 2c. 9 . 9999

ELIGIBLE EDUCATION LOAN PAYMENTS paid directly to the lender

3. For each month included on line 1 above, enter in **Column A** the benchmark loan payment amount (see instructions); enter in **Column B** the sum of the loan payment amount(s) **due** each month multiplied by line 2c; enter in **Column C** the sum of your eligible education loan payment amount(s) **paid** each month **directly to the lender** multiplied by line 2c.

	COLUMN A FOR EACH MONTH ENTER THE BENCHMARK LOAN PAYMENT	COLUMN B FOR EACH MONTH ENTER THE TOTAL LOAN PAYMENT AMOUNT(S) DUE	COLUMN C FOR EACH MONTH ENTER THE TOTAL LOAN PAYMENT AMOUNT(S) PAID
MONTH DUE			
a) January.....	\$ 999.00	\$ 9999.99	\$ 9999.99
b) February.....	\$ 999.00	\$ 9999.99	\$ 9999.99
c) March.....	\$ 999.00	\$ 9999.99	\$ 9999.99
d) April.....	\$ 999.00	\$ 9999.99	\$ 9999.99
e) May.....	\$ 999.00	\$ 9999.99	\$ 9999.99
f) June.....	\$ 999.00	\$ 9999.99	\$ 9999.99
g) July.....	\$ 999.00	\$ 9999.99	\$ 9999.99
h) August.....	\$ 999.00	\$ 9999.99	\$ 9999.99
i) September.....	\$ 999.00	\$ 9999.99	\$ 9999.99
j) October.....	\$ 999.00	\$ 9999.99	\$ 9999.99
k) November.....	\$ 999.00	\$ 9999.99	\$ 9999.99
l) December.....	\$ 999.00	\$ 9999.99	\$ 9999.99
Total: (add rows a through l for each column).....	3A \$ 9999.99	3B \$ 9999.99	3C \$ 9999.99

4. **TOTAL ELIGIBLE EDUCATION LOAN PAYMENTS.** Enter line 3A, 3B, or 3C, whichever is smallest. **Except**, if box I on page 1 is checked, enter on this line, the amount from the Educational Opportunity Tax Credit - Employer/Employee Affidavit, line 5. Also enter this amount on the Educational Opportunity Tax Credit Worksheet, line 1. 4 \$ 9999.99

2020 Educational Opportunity Tax Credit Worksheet for Maine Resident & Part-year Resident Individuals - Instructions

This worksheet and the related instructions are for individual taxpayers who have made eligible education loan payments.

Employers eligible to claim the related credit must complete the **Credit for Educational Opportunity Worksheet for Employers**.

IMPORTANT: If your employer directly paid to the lender all of your education loan payments, you DO NOT QUALIFY for this credit. If your employer directly paid all of your education loan payments, do not complete or file this worksheet. If your employer directly paid part of your loan payments, you may qualify for a credit. If your employer directly paid part of your loan payments, you must complete and enclose with this Worksheet, the Educational Opportunity Tax Credit - Employer/Employee Affidavit available at www.maine.gov/revenue/tax-return-forms (click on Worksheets for Tax Credits).

The educational opportunity tax credit is a component of the Job Creation through Educational Opportunity program, which began in 2008. The purpose of the program is to provide an income tax credit for Maine resident taxpayers who are making eligible education loan payments on loans obtained to earn: an undergraduate degree (associate or bachelor's) from an accredited Maine college or university prior to 2016; or an associate or bachelor's degree after 2015 from an accredited Maine or non-Maine college or university; or, a graduate degree after 2015 from an accredited Maine college or university and who, after graduation, live, work and pay taxes in Maine.

Eligible education loan payments are payments made directly to the lender by a qualifying graduate for public and private education loans that are part of the financial aid package.

- Only eligible education loan payments made during the part of the tax year in which you were a resident of Maine working in Maine qualify for the credit. See the "Worked in Maine" note below.
- Payments in excess of the required loan payment are not eligible for the credit, except payments made while eligible loans are in forbearance or deferment status. See Maine Rule 812 at www.maine.gov/revenue/publications/rules for more information.
- Payments on a refinanced eligible education loan qualify for the credit as long as the refinanced loan remains separate from any other debt incurred, other than educational loans.

The monthly payment amount eligible for the credit is limited to an upper cap called the benchmark loan payment. For example, if you graduated in 2020, earned all credit hours for a bachelor's degree after 2007 and made monthly payments in 2020 of \$380 for qualified loans, the amount you can use to calculate the credit is \$367, the applicable monthly benchmark loan payment for individuals graduating in 2020 (see instructions on page 4 for line 3). Using this example, if you made regularly scheduled monthly payments of \$380 through the entire year and worked in Maine, your credit would be $\$367 \times 12 = \$4,404$.

For **tax year 2020, a qualifying graduate** is one who:

- Obtained an associate or bachelor's degree after 2007 from an accredited **Maine** community college, college or university; or
- Obtained an associate or bachelor's degree after 2015 from a non-Maine accredited community college, college or university; or
- Obtained a graduate degree after 2015 from an accredited Maine college or university; and
- After graduation, is a Maine resident (as defined by Maine tax law in 36 M.R.S. § 5217-D(1)(H)) and during the tax year worked at least part-time (at least 16 hours/week) in Maine*, was deployed for military service in the United States Armed Forces, including the National Guard and the Reserves of the United States Armed Forces or was employed at least part-time on a vessel at sea.

**NOTE: "Worked in Maine" includes an employee who has worked outside Maine for up to 3 months during the Maine residency period of the tax year. An employee who worked at least part-time in Maine for any part of a month is considered to have worked in Maine for that entire month.*

If both spouses are eligible, both may claim the credit on a married-joint return. The credit may not reduce your Maine income tax due to less than zero, except that the credit is refundable if your degree is an associate degree or if your bachelor's degree is a degree in science, technology, engineering or mathematics. Unused non-refundable credit amounts may be carried forward for up to ten years.

A **self-employed** person who is an eligible graduate may be eligible for the credit for educational opportunity for individuals. The self-employed person may also qualify for the credit for employers if the self-employed person had employees during the tax year. For more information on the employer credit, see the Credit for Educational Opportunity Worksheet for Employers.

SPECIFIC INSTRUCTIONS

Note that if you are claiming the credit for more than one degree you earned, you must complete a separate Educational Opportunity Tax Credit Worksheet for each degree. If consolidated, your loan amounts obtained for subsequent degrees earned must be prorated to reflect the ratio of additional credit hours necessary to earn the subsequent degree to the total number of credit hours required for the subsequent degree.

First, complete the **Educational Opportunity Tax Credit - Loan Payment Schedule**. (See page 2 of the Worksheet.)

2020 Educational Opportunity Tax Credit Worksheet for Maine Resident & Part-year Resident Individuals - Instructions, continued

Line 1. Enter the number of months* during the tax year in which you met all of the following:

- a) Were a resident of Maine;
- b) Worked in Maine (see "Worked in Maine" note on page 3) or were a Maine resident deployed for military service in the U.S. Armed Forces or were a Maine resident employed at least part-time on a vessel at sea; and
- c) Paid eligible education loans directly to the lender (during any part of the year).

*Count any part of a month as an entire month.

Example, if your tax year is the 2020 calendar year, you were a Maine resident for the entire year, you graduated in May 2020, you began making monthly eligible education loan payments beginning July 2020, and you started working in Maine on August 1, 2020, you would enter '5' on line 1. In this example, there were only five months during the year (August – December) that you met all of the requirements.

Individuals that did not make any eligible student loan payments during the tax year do not qualify for the credit.

Individuals who were unemployed during the entire Maine residency period do not qualify for the credit.

Line 2. Consolidated loans. You may include only loans obtained for courses required to earn the degree listed on the Educational Opportunity Tax Credit Worksheet, line H. If your educational loans for this degree are consolidated with other educational loans, complete lines 2a through 2c to calculate the ratio of loans eligible for the credit. If you earned another degree that qualifies for the credit, complete a separate worksheet to calculate the additional credit.

Line 3. In Column A, for each month, enter the appropriate monthly benchmark loan payment from the table below.

<u>If you graduated in:</u>	<u>The benchmark loan payment is</u>		
	<u>Associate degree</u>	<u>Bachelor's degree</u>	<u>Graduate degree</u>
2008	*	*	
2009	*	*	
2010	\$72.00	\$343.00	
2011	\$68.00	\$344.00	
2012	\$65.00	\$342.00	
2013	\$65.00	\$356.00	
2014	\$66.00	\$363.00	
2015	\$70.00	\$377.00	
2016	\$70.00	\$373.00	\$325.00
2017	\$68.00	\$364.00	\$317.00
2018	\$74.00	\$377.00	\$328.00
2019	\$77.00	\$367.00	\$338.00
2020	\$77.00	\$367.00	\$341.00

* If you graduated in 2008 or 2009, include a copy of a statement from your school's financial aid office stating the benchmark loan payment for the year in which you graduated.

In Column B, for each month, enter the monthly eligible education loan payment **due** for each month during the tax year, or that would have been due but for forbearance or deferment*, multiplied by the ratio on line 2c, if applicable. The loan payment due is most likely the amount on your monthly payment voucher or electronic bill. Enter the total monthly amount due, even if part of it was paid by someone else. Enter only the required amount due, excluding any accelerated payment.

* The amount considered due during forbearance or deferment is equal to the average student loan payment due during the months of the taxable year in which the loans were not in forbearance or deferment. If this amount cannot be determined, use the benchmark loan payment amount.

In Column C, for each month during which you made a payment on an eligible education loan, enter the amount you **paid** during the tax year multiplied by the ratio on line 2c, if applicable. Do not include amounts paid by someone else.

Example: You obtained a bachelor's degree in 2019 and your eligible monthly loan amount due is \$350 for each month during 2020. Based on the chart above, your monthly benchmark loan payment is \$367. From January through March you paid \$350 each month. During April, you decided to pay the amount due for the remainder of the year (\$3,150, \$350 x 9). Column A, enter \$367 in each row a through l; Column B, enter \$350 in each row a through l; and Column C, enter \$350 in each row a, b, and c (January, February, and March) and enter \$3,150 in row d (April).

2020 Educational Opportunity Tax Credit Worksheet for Maine Resident & Part-year Resident Individuals - Instructions, continued

Note – Columns B and C: Upon review of the credit claimed, Maine Revenue Services may ask you to provide documentation from each lender showing the monthly payments due and the monthly payments made during your 2020 tax year.

Line 4. Enter the smallest of lines 3A, 3B, and 3C **except**, if your employer also paid student loan payments directly to the lender on your behalf, you must complete and attach the Educational Opportunity Tax Credit - Employer/Employee Affidavit available at www.maine.gov/revenue/tax-return-forms to calculate the amount for line 4. This is the amount allowed for your credit.

Next, complete the **Educational Opportunity Tax Credit Worksheet** as instructed below:

Degree information. Check box A, B, or C to indicate the type of degree you received. If you have earned more than one degree, complete a separate Worksheet for each degree.

Line D. Check this box if you checked box A and your bachelor's degree is an approved degree in science, technology, engineering or mathematics ("STEM"). See Maine Rule 812 at www.maine.gov/revenue/publications/rules for more information.

Line I. Check this box if your employer made student loan payments directly to the lender on your behalf. If this box is checked, you must complete and enclose the Educational Opportunity Tax Credit - Employer/Employee Affidavit with this worksheet.

Line 1. Enter on line 1 the amount from the Educational Opportunity Tax Credit - Loan Payment Schedule, line 4 (see instructions on page 4). If your employer made student loan payments directly to the lender on your behalf, enclose the Affidavit and the Educational Opportunity Tax Credit Worksheet with your Maine return.

If your education loans include amounts borrowed for credit hours earned towards your degree before 2008, complete lines 2, 3 and 4. Otherwise, enter the amount from line 1 on line 5.

Line 2. Enter the number of credit hours earned toward your degree after 2007.

Line 3. Enter the total number of credit hours earned toward your degree.

Line 4. Divide line 2 by line 3. This is the portion of the credit hours earned after 2007 and is the basis for your credit.

Line 5. Current year credit. Multiply line 1 by the ratio on line 4. If you started school after 2007, enter on line 5 the amount from line 1. This is the gross amount of the credit for eligible payments you made during your 2020 tax year.

Line 5a. If either box **B** or box **D** is checked, enter the amount from Line 5 on line 5a. Also enter this amount on Form 1040ME, Schedule A, line 4. The credit on this line is refundable.

Line 5b. If neither box **B** nor box **D** is checked, enter the amount from Line 5 on line 5b.

Line 6. Carryforward of unused credit from prior years. Enter the amount of any unused credit* from prior tax years not exceeding the 10-year carryforward limit. If this is the first year you are claiming the credit, enter zero.

*Unused credit may include eligible nonrefundable credits claimed for tax years 2009 through 2012 for all associate and bachelor's degrees; or, for tax years 2013 through 2015 for non-STEM associate and bachelor's degrees; or, for tax years after 2015 for non-STEM bachelor's degrees and all graduate degrees to the extent the credit exceeded your tax due for the same tax year.

Line 7. Add line 5b and line 6. The credit on this line is not refundable; however, you may carryforward unused portions of the tax credit for up to 10 years from the tax year the credit amount was generated.

SUPPORTING DOCUMENTATION. In the first year a taxpayer claims the credit, MRS requires the following documents be included with your Maine individual income tax return (Form 1040ME) and completed Educational Opportunity Tax Credit Worksheet:

- A complete copy of the college transcript that lists the name of the degree obtained, classes completed and when completed;
- Documentation of the educational loans that qualify for the credit, including the monthly student loan payment required to be made; and,
- The actual monthly student loan payment amounts paid during the tax year.

Once these facts are supported in the first year, documentation on these items will generally not again be required by MRS in future years. However, documentation may be requested after the first year related to actual loan payments made during the year and on employment status.