

# 2021 Educational Opportunity Tax Credit Worksheet

for Employers of Qualified Employees

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 on behalf of your employee. If you are claiming the credit for more than one employee, complete a separate worksheet for each employee. See instructions.

**Note:** If this is the first year you are claiming this credit, you **must** include a complete copy of the employee's 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.

Employer name:  EIN/SSN:   
 999 99 9999

Name of employee (Eligible Graduate) **Boxes A - C. Check the type of degree employee received:**  
 **A**  Bachelor's  
 Employee's Social Security Number **B**  Associate  
 999 99 9999 **C**  Graduate

**D** Location where employee worked:  **E** Date of graduation:  99 99 9999

**F** College or university from which the degree was obtained:

**G** Name of degree as it appears on employee's diploma:   
 (Example: Bachelor of Science, Computer Science)

1. **Eligible payments.** Enter the amount from the Educational Opportunity Tax Credit - Loan Payment Schedule, line 4 ..... 1.  9999  .00

**Proration factor. If the loans include amounts borrowed for credit hours earned toward the 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 earned toward the degree after December 31, 2007 ..... 2.  999

3. Enter the total number of credit hours earned toward the 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

6. If the employee worked for you full-time (at least 32 hours/week), enter 1.0 (see instructions). If the employee worked for you part-time (at least 16 hours/week), enter 0.5. .... 6.  9999

7. Credit amount. Multiply line 5 by line 6 ..... 7.  9999  .00

8. Enter the carryforward of unused credit amounts from prior tax years..... 8.  9999  .00

9. Total credit available. Add lines 7 and 8..... 9.  9999  .00

**C corporations:** Add the line 9 amounts of all worksheets completed and enter the total on Form 1120ME, Schedule C, line 1k.

**Individuals:** Add the line 9 amounts of all worksheets completed and enter the total on Form 1040ME, Schedule A, line 13.

**Pass-through entities:** Enter the result here and see instructions for reporting amounts to owners.

**Note:** MRS may request additional information supporting the credit claimed before processing the return.

**2021 Educational Opportunity Tax Credit - Employer Loan Payment Schedule**

for line 1 of the 2021 Educational Opportunity Tax Credit Worksheet

For tax year 01/01/2021 to 12/31/2021 or 99 99, 2021 to 99 99 9999

Employer name: XXXXXXXXXXXXXXXXXXXXXXXXXXXX EIN/SSN: 999999999

Qualified employee name: XXXXXXXXXXXXXXXXXXXXXXXXXXXX SSN: 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 for the employee listed. See instructions.

If the employee was a part-year resident during your tax year, enter the dates they were a Maine resident:

from 99 99 9999 to 99 99 9999

- Enter the number of months\* during your tax year in which the employee was (see instructions): .....1. 99
  - a Maine resident; and
  - employed by you, in Maine, at least part-time; and
  - obtained an associate or bachelor's degree after 2007 or a graduate degree after 2015.

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

- Consolidated loans.** Are the eligible education loans the employee 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 and go to line 3 below.**

**Note:** If the employee's consolidated loan includes noneducational loans, you do not qualify for the educational opportunity tax credit.

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

**ELIGIBLE EDUCATION LOAN PAYMENTS** paid directly to the lender

- For each month included on line 1 above, enter in **Column A** the sum of the loan payment amount(s) **due** each month multiplied by line 2c; enter in **Column B** the sum of your eligible education loan payment amount(s) **paid** each month **directly to the lender** multiplied by line 2c. **Do not enter loan payment amounts refunded by the lender during the tax year.**

MONTH DUE	COLUMN A	COLUMN B
	FOR EACH MONTH INCLUDED ON LINE 1, ENTER THE TOTAL LOAN PAYMENT AMOUNT(S) <b>DUE*</b>	FOR EACH MONTH INCLUDED ON LINE 1, ENTER THE <b>EMPLOYER</b> LOAN PAYMENT AMOUNT(S) <b>PAID</b>
a) January.....	\$ <u>99999.99</u>	\$ <u>999999.99</u>
b) February.....	\$ <u>99999.99</u>	\$ <u>999999.99</u>
c) March.....	\$ <u>99999.99</u>	\$ <u>999999.99</u>
d) April.....	\$ <u>99999.99</u>	\$ <u>999999.99</u>
e) May.....	\$ <u>99999.99</u>	\$ <u>999999.99</u>
f) June.....	\$ <u>99999.99</u>	\$ <u>999999.99</u>
g) July.....	\$ <u>99999.99</u>	\$ <u>999999.99</u>
h) August.....	\$ <u>99999.99</u>	\$ <u>999999.99</u>
i) September.....	\$ <u>99999.99</u>	\$ <u>999999.99</u>
j) October.....	\$ <u>99999.99</u>	\$ <u>999999.99</u>
k) November.....	\$ <u>99999.99</u>	\$ <u>999999.99</u>
l) December.....	\$ <u>99999.99</u>	\$ <u>999999.99</u>
<b>Total:</b> add rows a through l for each column.....	3A) \$ <u>99999.99</u>	3B) \$ <u>999999.99</u>

\*If the loans were in forbearance or deferment during the year, see the instructions for line 3, column A on page 3.

- Employer Eligible Education Loan Payments.** Enter the lesser of line 3A or line 3B. Also enter this amount on the Educational Opportunity Tax Credit Worksheet for Employers, line 1.... 4. \$ 999999.99

## 2021 Educational Opportunity Tax Credit for Employers Instructions

This worksheet and the related instructions are for employers who made eligible education loan payments directly to the lender on behalf of qualified employees. Employers that are pass-through entities must also provide specific owner information to assist each owner in claiming their portion of the credit. **Note:** A self-employed person is eligible for the credit for educational opportunity for employers only if the self-employed person has qualified employees. Self-employed persons eligible to claim the credit based on loan payments made on their own behalf must complete the Credit for Educational Opportunity Tax Credit Worksheet for Maine Resident & Part-year Resident Individuals. For more information on the individual credit, see the Educational Opportunity Tax Credit Worksheet for Maine Resident and Part-year Resident Individuals.

The educational opportunity tax credit is a component of the Job Creation through Educational Opportunity program, which began in 2008. The credit is based on eligible education loan payments (defined below) paid directly to the lender during the tax year for months during which the employee was a resident of Maine and worked in Maine\*. A Maine resident deployed for military service in the United States Armed Forces or who is employed at least part-time on a vessel at sea also qualifies if the individual meets all other eligibility criteria.

An employee eligible for the program is a graduate who:

- Obtained an associate or bachelor's degree after 2007 or a graduate degree after 2015 from an accredited Maine or non-Maine community college, college or university;
- After graduation, is a Maine resident (as defined by Maine tax law in 36 M.R.S. § 5217-D(1)(H)) working in Maine.

**\*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 in Maine for any part of a month is considered to have worked in Maine for that entire month.

If loan payments are made by both you and the employee, your credit is limited to the amount you paid directly to the lender. Your employee may also be eligible to claim a credit based on the loan payments they made. You must enclose a signed copy of the Educational Opportunity Tax Credit - Employer/Employee Affidavit with this worksheet and your 2021 Maine tax return.

The combined credit for you and the employee may not exceed the loan payment amount due for the months that the employee was a qualified individual for the EOTC. If the eligible education loan payments you made directly to the lender during the year exceed the loan amounts due, your credit will be limited to the loan amounts due. If your eligible education loan payments are less than the loan amounts due, the employee may be eligible to claim the EOTC also. For more information on the individual credit, see the Educational Opportunity Tax Credit Worksheet for Maine Resident and Part-year Resident Individuals.

**Eligible education loan payments** are payments made by an employer directly to the lender for public and private education loans that are part of a financial aid package certified by an accredited Maine college or university and for loans associated with a degree earned at an accredited non-Maine college or university.

- Only eligible education loan payments made during the part of the tax year during which the individual was a resident of Maine working in Maine qualify for the credit.
- 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](http://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, except for other educational loans.

**Note:** Loan payment(s) refunded by the lender are not considered to have been paid for purposes of the educational opportunity tax credit. If you have filed a Maine income tax return and claimed the educational opportunity tax credit based on educational loan payments that have been refunded, you must file an amended Maine income tax return to reduce the amount of the credit claimed.

### SPECIFIC INSTRUCTIONS

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

**Line 2. Consolidated loans. Note:** If the employee's consolidated loan includes noneducational loans, you do not qualify for the educational opportunity tax credit. You may include only loans obtained for courses required to earn the degree listed on the Educational Opportunity Tax Credit Worksheet. If the 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 the employee earned another degree that qualifies for the credit, complete a separate worksheet to calculate the additional credit. If the loans were not consolidated, enter 1.0000 on line 2c.

**Line 3.** In Column A, for each month, enter the monthly eligible education loan payment **due** 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 the employee's monthly payment voucher or electronic bill. Enter the total monthly amount due, even if part of it was paid by the employee. Enter only the required amount due; exclude any accelerated loan payments. On line 3A, enter the sum of the amounts entered in Column A, lines a through l.

\* 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. Also see Maine Rule 812.

## 2021 Educational Opportunity Tax Credit for Employers Instructions, continued

In **Column B**, for each month, enter the monthly amount you **paid** directly to the lender toward the employee's eligible education loan during the tax year multiplied by the ratio on line 2c, if applicable. Do not include amounts paid by the employee. On line 3B, enter the sum of the amounts entered in **Column B**, lines a through l.

**Note:** Do not enter loan payment amounts refunded by the lender during the tax year. If loan payment(s) are refunded by the lender in a subsequent tax year, you must file an amended Maine income tax return to remove those payments from the calculation of the credit.

Eligible education loan payments include only those payments made during your 2021 tax year the employee was a resident of Maine working in Maine or was a Maine resident deployed for military service in the U.S. Armed Forces or was a Maine resident employed at least part-time on a vessel at sea.

**Note - Columns A and B:** Upon review of the credit claimed, Maine Revenue Services may ask you to provide documentation from each employee or lender showing the monthly payments due and the monthly payments made during your 2021 tax year.

**Line 4.** Enter the amount from line 3A or 3B, whichever is smallest.

Next, complete the **Educational Opportunity Tax Credit Worksheet for Employers of Qualified Employees** as instructed below:

**Degree information.** Check box A, B, or C to indicate the type of degree the employee received. If the employee earned more than one degree that qualifies for the credit, complete a separate Worksheet to calculate the credit for each degree.

**Line 1.** Enter on line 1 the amount from the Educational Opportunity Tax Credit - Loan Payment Schedule, line 4. **Note** that if your employee also makes payments on the eligible education loans, the employee must provide you with a completed, signed copy of the Educational Opportunity Tax Credit - Employer/Employee Affidavit. You must also sign the Affidavit and include the signed Affidavit with this worksheet and your income tax return to claim the EOTC.

**If the employee's loans include amounts borrowed for credit hours earned towards the 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 included in the employee's loans that were earned toward the degree after 2007.

**Line 3.** Enter the total number of credit hours included in the employee's loans that were earned toward the degree.

**Line 4.** Divide line 2 by line 3. This is the portion of the employee's eligible education loans 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 the employee 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 2021 tax year.

**Line 6.** If the qualified employee worked for you an average of less than 32 hours per week during your tax year, but at least 16 hours per week, enter 0.5 on this line. Otherwise, enter 1.0. **Note: You cannot claim a credit for an employee that does not work for you at least an average of 16 hours weekly during the tax year.**

Example: If your tax year is January through December, the qualified employee worked for you January 1 through December 31, and the employee worked 12 hours weekly for 18 weeks, 20 hours weekly for 17 weeks and 36 hours weekly for 17 weeks, the average number of hours worked weekly would be calculated as follows:  $([12 \times 18] + [20 \times 17] + [36 \times 17]) / 52 = (216 + 340 + 612) / 52 = 1,168 / 52 = 22.46$  average number of hours worked weekly. Since this employee worked on average at least 16 hours weekly, but less than 32 hours weekly, you would enter 0.5 on line 6.

If this employee started work July 1 (and, therefore, only worked for you 26 weeks during the year) and worked 10 hours weekly for 17 weeks, 20 hours weekly for 6 weeks and 36 hours weekly for 3 weeks, the average number of hours worked weekly would be calculated as follows:  $([10 \times 17] + [20 \times 6] + [36 \times 3]) / 26 = (170 + 120 + 108) / 26 = 398 / 26 = 15.31$  average number of hours worked weekly. In this second example, educational loan payments made for the employee would not qualify for the credit because the employee worked less than 16 hours weekly on average during the time of employment.

**Line 8. Carryforward of unused credit from prior years.** Unused credit amounts may be carried forward for up to 10 years. Enter the amount of any unused credit from prior tax years that does not exceed the 10-year carryforward limit. If this is the first year you are claiming the credit, enter zero. Keep a record of the unused credit amount available for future tax years.

**Line 9.** Add line 7 and line 8. The credit 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.

**Note:** Pass-through entities must provide each shareholder, partner or member a copy of the credit worksheet(s) completed and a schedule showing the assignment/distribution of the credit to each owner. The assignment/distribution must be based on ownership interest in the entity. If multiple worksheets are completed, the employer may aggregate the credit amount of all worksheets for purposes of completing the schedule of assignment/distribution. The schedule must also include the name, address and EIN of the pass-through entity, and the name and SSN/EIN of each partner, shareholder or member. Owners claiming the credit must attach a copy of the credit worksheet(s) and schedule of assignment/distribution.