MAINE FORM 1120B-ME

2001 FRANCHISE TAX Instructions

IMPORTANT CHANGES

Quality Child Care Credits. 36 M.R.S.A. § 5219-Q. Quality child care means care provided at a child care site that meets minimum licensing standards; is accredited by an independent, nationally recognized program approved by the Department of Human Services ("DHS"), Office of Child Care and Head Start; utilizes recognized quality indicators for child care services approved by DHS, Office of Child Care and Head Start; includes provisions for client and parent input, a review of the provider's policies, procedures and program records, and an on-site program review. The following Quality Child Care Credits apply to tax years beginning on or after January 1, 2001.

a. **Employer-assisted Day Care Credit.** 36 M.R.S.A. § 5217. The allowable credit under this section doubles if the day care provided constitutes quality child care.

b. **Quality Child Care Investment Credit.** 36 M.R.S.A. § 5219-Q. Corporate taxpayers making certified investments in quality child care services qualify for a credit equal to 30% of up to $30,000 in eligible expenditures. The credit is nonrefundable. Any unused credit amount may be carried forward until exhausted. The Maine Department of Human Services, Office of Child Care and Head Start must certify eligible investments.

See instructions for line 4e (page 4) on how to claim these credits. Call DHS, Office of Child Care and Head Start at 207-287-5099 for information as to what constitutes quality child care services and regarding the certification process.

High-technology Credit: High-technology activity. 36 M.R.S.A. § 5219-M. The definition of high-technology activity is changed to eliminate the following: 1) electronic communications services; 2) support access to electronic media; 3) data and associated communications support; and 4) advanced telecommunications capability. The definition is, however, amended to include advanced telecommunications services. Applies to tax years beginning on or after January 1, 2001.

High-technology Credit: Eligible equipment. 36 M.R.S.A. § 5219-M. Eligible equipment must now be used **primarily** in a high-technology activity in order to qualify for the credit. Additionally, eligible equipment used in wire line telecommunications must be capable of transmitting data at 200 kilobits or more per second in at least one direction. Eligible equipment used in wireless telecommunications must be capable of transmitting data at 42 kilobits or more per second in at least one direction. Eligible equipment includes computer equipment, electronics components and accessories, communications equipment, and computer software placed into service in Maine. Applies to tax years beginning on or after January 1, 2001.

High-technology Credit: Limitation. 36 M.R.S.A. § 5219-M. For tax years beginning on or after January 1, 2001, the credit, including carryover amounts, may not be used to reduce the taxpayer's net tax liability after all other credits (except the Family Development Account Contribution Credit and the Super Credit for substantially increased research and development) by more than $100,000 in any one year. In addition, the credit may not reduce the tax liability below that of the previous year after all other credits and may not reduce the tax liability of the current year to below zero.

High-technology Credit: Carryover. 36 M.R.S.A. § 5219-M. Generally, unused credit amounts may be carried forward for up to five taxable years. However, unused credits for tax years ending prior to January 1, 2001 may be carried forward for up to ten taxable years if the unused credit amount relates to equipment meeting the definition for eligible equipment in effect for tax years beginning on or after January 1, 2001. The amount carried forward in accordance with this rule that may be used in any one tax year is limited to $100,000. However, if the taxpayer's investment credit base for the taxable year is less than $100,000, the amount of the carryforward that may be used in any one tax year is $100,000 plus the difference between $100,000 and the taxpayer's investment credit base for the taxable year, but not more than $200,000. The total credit claimed, however, may not reduce the tax liability below that of the previous year after all other credits and may not reduce the tax liability of the current year to below zero. Applies to tax years beginning on or after January 1, 2001.

Sawmill Biomass Credit. 36 M.R.S.A. § 5219-T. This credit is repealed, retroactive to August 11, 2000.

Employment Tax Increment Financing ("ETIF"). 36 M.R.S.A. § 6753(11). The number of qualified employees required for application to the ETIF program is reduced from fifteen to five. Effective September 20, 2001.

Insurance companies/health maintenance organizations ("HMO"). 36 M.R.S.A. §§ 5102(6) and 5202-C. Insurance companies ordinarily subject to tax under chapter 357 (insurance premiums tax) will become subject to corporate income tax on income from Maine health maintenance organizations certified under 24-A M.R.S.A. § 4204. Income tax on an insurance company is not imposed if the associated health maintenance organization is separately organized and subject to Maine income tax. Unitary, apportionment, and separate accounting rules apply as though the HMO were a separate corporation. Applies to tax years beginning on or after January 1, 2002.

Affiliated entities: Accounting. 36 M.R.S.A. § 5202-C. The State Tax Assessor is authorized to distribute, apportion, or allocate gross income, deductions, credits, allowances, or assets between or among related entities and operating divisions if the assessor determines that such action is necessary to prevent the evasion of taxes or to properly reflect earned income.

Apportionment factor: Payroll for leased and temporary employees. 36 M.R.S.A. §§ 5210 and 5211. The payroll factor for the apportionment calculation for both corporate income tax and franchise tax must now include 85% of amounts paid to an employee-leasing company for leased employees and 100% of amounts paid for temporary employees. Em-

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ployee-leasing companies and temporary services companies will exclude compensation paid to leased or temporary employees for purposes of calculating the apportionment factor. Applies to tax years beginning on or after January 1, 2002.

Seed Capital Tax Credit. 36 M.R.S.A. § 5216-B. Temporary changes recently made to the credit are made permanent. These changes include: 1) increasing the percentage of invested cash eligible for a credit certificate from 30% to 40%; 2) authorizing the Finance Authority of Maine ("FAME") to issue advance credit certificates up to 20% of cash investments in, or unconditionally committed to, private venture capital funds; 3) capping the aggregate investment in any one business from any one private venture capital fund at $1,000,000; 4) capping at $200,000 the aggregate investment made by any one investor in any one business that is eligible for a tax credit certificate; 5) increasing the gross sales limit of eligible businesses from $2,000,000 to $3,000,000 for purposes of investments that are eligible for a tax credit certificate; 6) clarifying that investments from a private venture capital fund by a principal owner and the principal owner's spouse and relatives do not qualify for a credit certificate on the investments in that business; 7) limiting the credit to investment amounts representing not more than 50% ownership in an eligible business; and 8) clarifying that the owners of flow-through entities (partnerships, S corporations, LLCs, nontaxable trusts, etc.) are considered the investors for investments made by the flow-through entity in private venture capital funds. Three additional changes are made: 1) the aggregate amount available for the credit is increased to $12,000,000 ($8,000,000 through calendar year 2001; $10,000,000 through calendar year 2002; $11,000,000 through calendar year 2003; and $12,000,000 thereafter); 2) the timing for claiming the credit is lengthened from 50% in each of two years to 15% for each of the first six years (beginning with the year the credit certificate is issued) and 10% in year seven; and 3) FAME is required to report to the legislature in January 2002 and 2003 regarding the dollar value, number of certificates awarded, and location of businesses receiving eligible investments. Applies to tax credit certificates issued on or after September 20, 2001 and to eligible investments made on or after that date.

Credit for dependent health benefits paid. 36 M.R.S.A. § 5219-O. The law clarifies that employers with fewer than five employees qualify for the dependent health benefits credit. Previously, only employers with fewer than five *low-income* employees qualified for the credit. The credit is based on the benefits paid for low-income employees.

GENERAL INSTRUCTIONS

1. FINANCIAL INSTITUTIONS SUBJECT TO FRANCHISE TAX: Every financial institution that had Maine net income or Maine assets during the taxable year must file Form 1120B-ME and pay Maine franchise tax, **even if the institution is established as a partnership, S corporation or entity disregarded as separate from its owner.** "Financial institution" means a bank, bank holding company, thrift institution, savings association, insured institution, savings bank holding company, qualified savings bank, insured depository institution, appropriate federal banking agency or qualified family partnership (as defined in the Bank Holding Company Act of 1956, 12 U.S. Code § 1841), or any other financial institution (except a credit union) authorized to do business in Maine as defined in 9-B M.R.S.A. § 131(17-A). "Financial institution" includes any corporation of which more than 50% of the voting stock is owned, directly or indirectly, by a financial institution or by a credit union as defined in 9-B M.R.S.A. § 131.

2. DATE FOR FILING RETURN: Financial institutions reporting for calendar year 2001 are required to file with payment on or before March 15, 2002. Fiscal year taxpayers should file with payment on or before the 15th day of the third month following the close of the taxable year.

3. EXTENSIONS FOR FILING: A State of Maine extension request form is no longer required. If you are unable to file your return by the original due date of the return, Maine allows an automatic seven-month extension of time to file. **Caution: An extension to file your Maine return is not an extension for payment of tax.** If you owe money, you must pay at least 90% of that amount by the original due date for filing your return in order to avoid the penalty for late payment of tax. The remaining 10% must be paid when the return is filed by the extended due date in order to avoid the failure to pay penalty. However, interest is charged on any tax paid after the original due date of your return.

Remit your estimated tax payment with the payment voucher (available through the phone number or Web site in paragraph 4 below) by the original due date for filing your Maine return to: Maine Revenue Services, P.O. Box 1062, Augusta, ME 04332-1062.

4. PAYMENT OF FRANCHISE TAX: All financial institutions are required to pay estimated tax if the Maine franchise tax liability for the taxable year can reasonably be expected to be $1,000 or more. See instructions for Form 1120ES-ME for details. Form 1120ES-ME vouchers and instructions may be downloaded at **www.state.me.us/revenue** or ordered by calling 207-624-7894.

5. INTEREST: Interest will be added to any balance of tax due from the due date of payment and should be included with any payments. Interest for 2002 is 8% per annum, compounded monthly.

6. PENALTIES: a. Underpayment of estimated tax. This penalty may be assessed if the quarterly estimated tax payments are not at least equal to the lesser of the previous year's Maine franchise tax liability (if it was a 12-month year) or ninety percent (90%) of the tax liability for the current tax year. Large corporations, as defined by IRC § 6655(g)(2)(A), cannot utilize their previous year's tax liability in determining the required amount of estimated tax payments.

b. Late filing and late payment penalties. If a past-due return is filed either before the receipt, or within 30 days of the receipt, of a demand notice, the penalty for failure to file is the greater of $25 or 10% of the amount of tax due. If the return is filed more than 30 days after the receipt of a demand notice, the failure to file penalty becomes 100% of the tax otherwise due.

For failure to pay a tax liability timely, the penalty is 1% of the outstanding tax liability for each month the payment is delinquent, up to a maximum of 25% of the outstanding liability. You must pay at least 90% of your tax liability by the due date for filing your return (**March 15, 2002** for calendar-year filers) in order to avoid the penalty for late payment of tax.

7. ACCOUNTING PERIOD COVERED BY RETURN: Form 1120B-ME will cover the same period as the equivalent federal return.

8. ACCOUNTING METHODS: A taxpayer's method of accounting for Maine franchise tax purposes must be the same as the method of accounting for federal income tax purposes.

9. FEDERAL RETURN MUST ACCOMPANY STATE RETURN: Maine

GENERAL INSTRUCTIONS, continued

franchise tax return, Form 1120B-ME, must be accompanied by a legible copy of pages 1 through 4 of the financial institution's federal return for the same taxable period. You are not required to provide Maine with copies of supporting schedules attached to the federal form filed with the Internal Revenue Service unless specifically requested.

10. FEDERAL AUDIT CHANGES AND AMENDED RETURNS: All taxpayers must file an amended Maine return for any change or correction by the Internal Revenue Service in taxable income or assets as reported on the federal return within 90 days after final determination of such change or correction. Attach a copy of the Internal Revenue agent's report to your amended Maine return.

Any financial institution filing an amended federal income tax return must, within 90 days, file an amended Maine franchise tax return and attach a copy of the federal amended return.

Generally, an amended Maine franchise tax return is required to correct errors that affect the Maine tax liability on a previously filed return. The amended return must be filed within 90 days of the discovery of the error.

Maine Revenue Services does not provide a form for amended franchise tax returns. Use Form 1120B-ME for the year(s) you are amending and check the box marked "check here if amended" in the upper left corner of the form.

11. COMBINED REPORTS: A financial institution that is a member of an affiliated group and operates in a unitary fashion must file a combined report (Form CRB).

Maine law defines affiliated group to mean a group of two or more financial institutions in which more than 50% of the voting interest of each member financial institution is directly or indirectly owned by a common owner or owners, either corporate or noncorporate, or by one or more of the member financial institutions. Unitary is defined as a business activity that is characterized by unity of ownership, functional integration, centralization of management or economies of scale.

The State of Maine apportionment formula is used to apportion net income of multi-state institutions. This formula adopts many features of the financial institution apportionment formula recommended by the Multistate Tax Commission and is designed to reflect how financial institutions earn income more accurately than the corporate income tax apportionment formula.

The law provides that the apportionment formula is also used to compute Maine assets from the total end-of-year assets of the financial institution.

SPECIFIC INSTRUCTIONS

Line 1a. Net Income Per Books: Enter net income per books from federal Form 1120, 1120S or 1065.

Line 1b. Maine Net Income: Financial institutions that are not part of an affiliated-unitary group and have income solely from activity within Maine must enter here the same amount as on line 1a. Financial institutions that are members of an affiliated-unitary group must file a combined report (Form CRB). A financial institution that is taxable both in and outside Maine shall apportion its net income by completing Schedule A on page 2 of Form 1120B-ME. The instructions for Schedule A are on page 2 of Form 1120B-ME. See paragraph 11 of the General Instructions above and instructions for Form CRB.

Line 2a. Total End-of-year Assets: Enter total end-of-year assets from federal Form 1120, 1120S or 1065.

Line 2b. Maine Assets: Financial institutions that are not part of an affiliated-unitary group and have income solely from activity within Maine must enter here the same amount as on line 2a. Financial institutions that are members of an affiliated-unitary group must file a combined report (Form CRB). A financial institution that is taxable both in and outside Maine shall apportion its assets by completing Schedule A on page 2 of Form 1120B-ME. The instructions for Schedule A are on page 2 of Form 1120B-ME. See paragraph 11 of the General Instructions above and instructions for Form CRB.

Line 3a. Tax on Maine Net Income: The tax rate on income is $10 per $1,000 (1%) of Maine net income as listed on line 1b.

Line 3b. Tax on Assets: The franchise tax rate on assets is 8 cents (8¢) per $1,000 (0.008%) of assets as listed on line 2b.

Lines 4a, b, c: These lines are for entities that made estimated tax payments and deposits with an extension voucher, and for those taxpayers filing amended returns and claiming credit for tax paid with original return.

Line 4d. Net Operating Loss Credit: A credit is allowed against the franchise tax on assets in the case of a taxable entity that sustains a book net operating loss. The credit is computed by multiplying the book net operating loss by the franchise tax rate on income (0.01). The total amount of the credit allowed shall not exceed the franchise tax on assets as listed on line 3b. In any tax year in which there is an excess credit, the excess credit shall be carried over for no more than the next five (5) tax years and can be applied against the total tax as listed on line 3c. If you are carrying over an excess credit from a previous year, attach a carryover schedule to support your entry.

Line 4e. Other Credits: Following is a list of allowable tax credits. Enter the total amount being claimed on line 4e and attach a schedule of supporting detail. **Note: The total amount claimed cannot exceed the tax amount on line 3c.**

Jobs and Investment Tax Credit: Eligibility for this credit requires the addition of $5 million of IRC § 38 property based on the Internal Revenue Code of 1954, as of December 31, 1985, § 38(b)(1), and 100 new jobs in the 24-month period following the date the property was placed in service. **Jobs created between August 1, 1998 and October 1, 2001 must be covered by qualified retirement and health insurance plans and wages must be greater than the average per capita income in the labor market area in which the employee is employed.** 36 M.R.S.A. § 5215.

Seed Capital Investment Tax Credit: The Finance Authority of Maine (FAME) administers this program. FAME issues a tax credit certificate after verifying the eligibility of the investor. The taxpayer must enclose a copy of this certificate with Form 1120B-ME when requesting a tax credit

under this program. The credit is limited to 50% of franchise tax otherwise due. The credit amount is 40% of qualified investments. The new law clarifies that the owners of flow-through entities (partnerships, S corps, LLCs, nontaxable trusts, etc.) are considered the investors for investments made by the flow-through entity in private venture capital funds. Credit certificates are subject to certain eligibility requirements. 36 M.R.S.A. § 5216-B.

Employer-Assisted Day Care Tax Credit: A taxpayer constituting an employing unit is allowed a credit for providing or paying day care expenses of employees, subject to the limitations of 36 M.R.S.A. § 5217. The tax credit is limited to the lowest of $5,000, 20% of the cost incurred, or $100 for each child of an employee of the taxpayer enrolled on a full-time basis. Carryover provisions apply. This credit is doubled if the day care provided constitutes quality child care. The Maine Department of Human Services ("DHS"), Office of Child Care and Head Start, certifies quality child care facilities. Attach a copy of the certificate when claiming this credit on the basis of quality child care services. For questions about quality child care services and the certification process, call DHS, Office of Child Care and Head Start, at 207-287-5099.

Quality Child Care Investment Credit: Corporate taxpayers making certified investment in quality child care services qualify for a credit equal to 30% of up to $30,000 of eligible expenditures. Carryover provisions apply. The Maine Department of Human Services, Office of Child Care and Head Start, must certify eligible investments. Attach a copy of the certificate when claiming this credit. For more information on quality child care services and the certification process, call DHS, Office of Child Care and Head Start, at 207-287-5099.

Employer-Provided Long-Term Care Benefits Credit: A taxpayer constituting an employing unit is allowed a credit against tax for providing employees with long-term care insurance coverage. The tax credit is limited to the lowest of $5,000, 20% of the costs incurred or $100 for each employee provided with a long-term care policy. Carryover provisions apply. Employers are eligible for the employer-provided long-term care credit if the policy on which premiums are paid meets the federal definition of a qualified long-term care insurance contract. Premiums paid on long-term care insurance policies previously certified by the Bureau of Insurance as being eligible for this credit will continue to be eligible even if the policy does not meet the federal definition for a qualified long-term care insurance contract. 36 M.R.S.A. § 5217-C.

Solid Waste Reduction Investment Tax Credit: Taxpayers can claim a credit on solid waste reduction, reuse or recycling machinery and equipment certified as eligible for the credit by the State Planning Office. The credit is the amount certified by the State Planning Office and applies to machinery and equipment placed into service from January 1, 1990 to June 30, 1991 or January 1, 1993 to June 30, 1995. Carryover of any unused credit must be used by December 31, 2004. The taxpayer must attach a copy of the eligibility certificate in order to claim the credit. Recapture provisions apply on the early disposal of machinery and equipment for which a credit has been claimed. 36 M.R.S.A. § 5219-D.

Machinery and Equipment Investment Tax Credit: Machinery and equipment placed into service prior to January 1, 1989 and after April 1, 1996 does not qualify for the Machinery and Equipment Investment Tax Credit. The credit is equal to 1% of the investment credit base of the taxpayer. Machinery and equipment on which property taxes are reimbursed pursuant to 36 M.R.S.A. §§ 6651-6660 are not eligible for the investment tax credit for that taxable year (applicable to tax years ending on or after July 1, 1997). The credit is limited to 100% of the first $25,000 of tax liability plus 75% of any liability that exceeds $25,000. Carryover provisions apply. The 12- year reimbursement period under the Business Equipment Tax Reimbursement Program must be reduced one year for every year the qualified equipment was included in the Investment Tax Credit base. 36 M.R.S.A. § 5219-E.

Research Expense Tax Credit: The credit is 5% of qualified research expenses incurred during the taxable year that exceed the average qualified research expense for the previous 3 tax years, plus 7.5% of the basic research payments determined pursuant to IRC § 41(e)(1)(A). Only expenditures for research conducted in Maine qualify for the credit. The term "qualified research" is defined in IRC § 41(d). The credit is limited to the first $25,000 of tax liability before credits plus 75% of the tax liability that exceeds $25,000. Carryover provisions apply. 36 M.R.S.A. § 5219-K.

Super Research & Development Credit: Businesses whose Maine research expenses increase by more than 50% over the average research expenses incurred in the 3 years immediately preceding the effective date of the credit qualify for the credit. The credit is equal to the excess over 150% of the 3-year average. The credit is limited to 50% of the net income tax due after other credits and may not reduce the tax liability below the liability of the previous year. Maine net income must be increased by the amount of the investment credit base also claimed as a business expense for federal income tax purposes. Carryover provisions apply. 36 M.R.S.A. § 5219-L.

High-Technology Investment Tax Credit: Entities engaged primarily in high-tech activities are eligible for this credit. The credit is equal to the adjusted basis of eligible equipment on the date that equipment is placed in service in Maine, net of any lease payments received during the year. Lessors may claim the credit only if the lessee waives its entitlement to the credit. The credit may not reduce current year's tax liability below the liability of the previous year after the allowance of all other credits. Carryover provisions apply. 36 M.R.S.A. § 5219-M.

Credit for Dependent Health Benefits Paid: Employers that offer a qualified health benefit plan and that employ fewer than 5 employees may qualify for this credit. The credit is equal to the lesser of 20% of the dependent health benefits paid by the employer or $125 per employee with dependent health benefits coverage. A taxpayer that employs 5 or more employees after qualifying for the credit may continue to qualify for the credit for another 2 years. Otherwise, a taxpayer may claim a credit only for those periods during which the employer: 1) offers a qualified health benefit plan that is made available to all of its low-income employees; 2) pays at least 80% of the health insurance costs for each low-income employee under the plan; and 3) pays at least 60% of the cost of dependent health insurance benefits for children under 19 who are dependents of a low-income employee under the plan. The credit is limited to 50% of the income tax due. Any unused credit may be carried over for 2 years. 36 M.R.S.A. § 5219-O.

Clean Fuel Credit: The credit is based on the expenditures paid or incurred for construction, installation of or improvements to any filling station or charging station for the purpose of providing clean fuels to the general public for use in motor vehicles. Clean fuel is defined as any product or energy source other than conventional gasoline, diesel or reformulated gasoline, that lower emissions of certain pollutants. Clean fuel includes, but is not limited to, compressed natural gas, liquefied natural gas, liquefied petroleum gas, hydrogen, hythane, dynamic flywheels, solar energy, alcohol fuels and electricity. **The credit applies to expenditures incurred on or after January 1, 1999 and automatically expires January 1, 2006.** 36 M.R.S.A. § 5219-P.

Family Development Account Credit: 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. Use of the funds includes educational expenses, home and auto

purchases or repairs, emergency expenses for basic needs, capital to start a business, and health care costs. Accounts are funded by deposits made by family members participating in the program and matching funds from community development organizations. Deposits to the fund are not exempt from tax; however, withdrawals (both principal and interest) are exempt from Maine income tax. 10 M.R.S.A. § 1077(4).

A credit is available to contributors to family development matching fund accounts. The credit per tax return is equal to the lesser of $25,000 or 50% of the amount contributed. The credit is limited to the tax liability on the return and must be taken after the allowance of all other credits. Maine itemized deductions must exclude any contributions claimed for this credit. The aggregate allowable credit amount in a state fiscal year is limited to $200,000. The Finance Authority of Maine is required to certify to Maine Revenue Services the allowable credit for each contributor. The credit applies to tax years beginning on or after January 1, 2000. 36 M.R.S.A. § 5216-C.

Historic Rehabilitation Credit: A taxpayer is allowed a credit equal to the amount of the federal credit (including amounts carried over to the tax year for federal income tax purposes) for rehabilitation of certified historic structures located in Maine. The credit is nonrefundable and is limited to $100,000 annually per taxpayer. The credit is subject to the same recapture provisions as under the IRC. The credit applies to tax years beginning on or after January 1, 2000. 36 M.R.S.A. § 5219-R.

Line 5b. Underpayment Penalty: If the financial institution underpaid estimated tax, attach Form 2220ME, available at www.state.me.us/revenue.

Line 7a. Credited: Use this line only if you elect to have all or a portion of the overpayment on line 6 credited to your next year's estimated Maine franchise tax.

Line 7b. Refunded: Enter here the difference between lines 6 and 7a. Refunds of $1.00 or more will be mailed to you.

COMBINED REPORT (FORM CRB) INSTRUCTIONS

The combined reporting form, when applicable, must be filed with Form 1120B-ME. This report **must** be accompanied by an affiliation schedule (federal Form 851 for consolidated filers is acceptable) listing name, federal ID number, and corporate activity of all members of the affiliated group.

SPECIFIC INSTRUCTIONS

PURPOSE OF FORM:

NOTE: Only unitary business group members are to be included on this form. Affiliated non-unitary members are no longer included.

Form CRB is used to calculate Maine net income of a unitary business. Maine net income is "a financial institution's net income or loss per books required to be reported pursuant to the laws of the United States on Internal Revenue Service Form 1120, 1120S, 1065, or any other Internal Revenue Service Form used to report net income or loss per books." 36 M.R.S.A. § 5206-D(13).

COMBINED REPORTING:

Financial institutions with Maine net income that are members of an affiliated group engaged in a unitary business must file a combined report. Financial institutions that are members of a unitary business but are not required to file a federal return must be excluded from the combined report. This includes those financial institutions not required, but electing to file, a federal tax return.

"Affiliated group" means a group of two or more financial institutions of which more than 50% of the voting stock of each member is directly or indirectly owned by a common owner or owners, either corporate or non-corporate, or by one or more of the member financial institutions. 36 M.R.S.A. § 5206-D(1). A "unitary business" is a business activity that is characterized by unity of ownership, functional integration, centralization of management, and economies of scale. 36 M.R.S.A. § 5206-D(22).

All financial institutions required to file federal returns that are part of a unitary business are required to be included in the combined report of any taxable financial institution with Maine nexus, even if the affiliated financial institution has no nexus with Maine.

FORM CRB SPECIFIC INSTRUCTIONS

COLUMN INSTRUCTIONS

Nexus with Maine Column. Place a check mark in this column for those corporations listed in column 1 that have nexus with Maine

Column 1. Enter the name and federal identification number of each member of the unitary business.

Column 2. Enter the separate net income per books of each member listed in column 1 that was part of a federal consolidated return (member's share of Form 1120, Schedule M-1, line 1). This information can be obtained from the supporting statement filed with federal Form 1120 for consolidated returns. **Attach the supporting statement from the consolidated return. Each financial institution on this report should have an amount entered in either column 2 or column 3, but not both.**

Column 3. Enter the net income per books of each member listed in column 1 that filed a separate federal return (Form 1120, line 28 or equivalent income from other federally filed return). Entries in column 3 relate to members of the unitary business that were not included in a federal consolidated return.

Each financial institution on this report should have an amount entered in either column 2 or column 3, but not both.

Column 4. Enter any adjustments for eliminations, deferrals, and other modifications allowed under federal law and regulations not yet taken in column 2. Include any intercompany transactions between unitary members listed on this report if those transactions resulted in gains or losses. Similar adjustments are allowed for unitary business members that are not part of the same consolidated filing. These adjustments include, but are not limited to, those for (a) dividends paid out of income subject to apportionment under 36 M.R.S.A., chapter 819 by one unitary member to another unitary member; (b) deferrals of gains/losses from intercompany sales of inventory; and (c) deferrals of gains/losses from intercompany sales of fixed assets. **Attach a worksheet that details adjustments claimed in column 4.**

Column 5(A). Combine columns 2, 3, and 4. This is the adjusted separate income of each member of the unitary business group.

Column 5(B). Enter total end-of-year assets from federal return or pro forma federal return.

Columns 6-8. Enter each financial institution's share of receipts, payroll, and property of the unitary business. *See* 36 M.R.S.A. §§ 5206-E(2), (3), and (4). The totals should be carried over from Line 18 to Schedule A. The amounts listed on the total line of Columns 6, 7, and 8 (line 18) of the Combined Report must agree with those entered on lines 8, 9, and 10, Columns (A) and (B) of Schedule A, Form 1120B-ME if a single return is filed for the entire group.

LINE INSTRUCTIONS

Line 17. To the extent not already eliminated, remove all intercompany transactions. These eliminations are for columns 5(B)-8 only. Attach a worksheet that details any adjustment claimed on this line.

Line 18. Enter the total for each of Columns 2 through 8.

2001 MAINE FRANCHISE TAX RETURN FOR FINANCIAL INSTITUTIONS

010841000

For calendar year 2001 or tax year beginning in 2001 01 TO

MM DD MM DD YY

FORM 1120B-ME

☐ Check here if amended

Name

Federal Employer ID No.

Address

Business Code

State of Incorporation

City

State

ZIP Code

Contact Person First Name

Last Name

Phone Number

Check Here if Combined Return and Enclose Form CRB ☐

Parent's Federal Employer ID No.

Principal Place of Activity in Maine

City where Records are Maintained

State

1. **MAINE NET INCOME:**
   - a. NET INCOME PER BOOKS (From federal Form 1120, 1120S or 1065) ..... 1a .00
   - b. MAINE NET INCOME (From line 1a above or page 2, Schedule A, line 13) ..... 1b .00
2. **ASSETS:**
   - a. TOTAL END-OF-YEAR ASSETS (From federal Form 1120, 1120S or 1065) ..... 2a .00
   - b. MAINE ASSETS (From line 2a above or page 2, Schedule A, line 15) ..... 2b .00
3. **TAX:**
   - a. TAX ON MAINE NET INCOME (Not less than zero) line 1b x 0.01 ..... 3a .00
   - b. TAX ON ASSETS - line 2b x 0.00008 ..... 3b .00
   - c. TOTAL TAX (Add lines 3a and 3b) ..... 3c .00
4. **CREDITS:**
   - a. ESTIMATED TAX PAID ..... 4a .00
   - b. DEPOSIT WITH EXTENSION VOUCHER ..... 4b .00
   - c. PAID WITH ORIGINAL RETURN ..... 4c .00
   - d. NET OPERATING LOSS CREDIT (See instructions) ..... 4d .00
   - e. OTHER CREDITS (See instructions) ..... 4e .00
   - f. TOTAL CREDITS (Add lines 4a through 4e) ..... 4f .00
5. a. IF LINE 3c IS GREATER THAN LINE 4f, ENTER TAX **BALANCE DUE** ..... 5a .00
   - b. ENTER **PENALTY** for Underpayment of Estimated Tax (Attach Form 2220ME) ..... 5b .00
   - c. TOTAL **AMOUNT DUE** (Add lines 5a and 5b). **PAY IN FULL WITH RETURN** ..... 5c .00

   (Make check payable to Treasurer, State of Maine)

Return continued on page 2

Office use only

010841100

6. **OVERPAYMENT:** If line 4f, page 1 is greater than line 3c, page 1, enter overpayment ..... 6 .00

7. Amount on line 6 to be:

a. **CREDITED** to next year's estimated tax ..... 7a .00

b. **REFUNDED** ..... 7b .00

Under penalties of perjury, I declare that I have examined this return and accompanying schedules and statements and to the best of my knowledge and belief they are true, correct and complete. Declaration of preparer (other than taxpayer) is based on all information of which preparer has any knowledge.

DATE	SIGNATURE OF OFFICER	TITLE
DATE	INDIVIDUAL OR FIRM SIGNATURE OF PREPARER	PREPARER'S FEDERAL IDENTIFICATION NUMBER

SCHEDULE A - APPORTIONMENT OF INCOME

Do not complete this schedule if 100% of your business activity is conducted in Maine.
All others must complete this schedule and enter amounts in Columns A and B, even if those amounts are zero.
If this schedule is left blank or excluded, your Maine apportionment factor will be set at 100%. **Round all dollar amounts to whole numbers.**

	(A) Within Maine		(B) Everywhere		(C) Maine Factors Col. (A) divided by Col. (B) x Statutory Weighting Rounded to 6 Decimals
8. **GROSS RECEIPTS**	.	÷	.	x .50 =	0.
9. **PAYROLL**	.	÷	.	x .25 =	0.
10. **TOTAL PROPERTY**	.	÷	.	x .25 =	0.

11. **MAINE APPORTIONMENT FACTOR** - Sum of lines 8, 9 and 10, Column (C) ..... 11 0.

12. **NET INCOME PER BOOKS** (Page 1, line 1a) ..... 12 .

13. **INCOME APPORTIONED TO MAINE** (line 12 x line 11 factor). Enter here and on page 1, line 1b ..... 13 .

14. **TOTAL END OF YEAR ASSETS** (page 1, line 2a) ..... 14 .

15. **ASSETS APPORTIONED TO MAINE** (line 14 x line 11 factor). Enter here and on page 1, line 2b ..... 15 .

If one factor is excludable from the apportionment formula, the weighting of the two remaining factors must be changed. A factor is excludable only if both the numerator and denominator are zero, but is not excludable merely because the numerator is zero. When excluding the sales factor, change the weight of the payroll and property factors to 50% (0.5) each. When excluding either the payroll or property factor, change the weight of the sales factor to 66.67% (0.6667) and the weight of the remaining factor to 33.33% (0.3333). If two factors are excludable from the apportionment formula, change the weight of the remaining factor to 100%. If you are excluding any factors, attach a schedule detailing the factors used and the apportionment computation. If the total of 8(C), 9(C) and 10(C) does not equal the amount you enter on line 11, your tax liability will not compute accurately.

INSTRUCTIONS FOR SCHEDULE A, FORM 1120B-ME, APPORTIONMENT OF INCOME (*see* 36 M.R.S.A. § 5206-E).

GENERAL INSTRUCTIONS

Schedule A is for financial institutions taxable both in and outside Maine. To the extent that a financial institution derives its income from a unitary business carried on by 2 or more members of an affiliated group, Maine net income and Maine assets are determined by apportioning that part of the net income and assets of the entire group that derives from the unitary business. Maine employs a three-factor formula to determine income and assets apportioned to Maine.

SPECIFIC INSTRUCTIONS:

Line 8. Receipts Factor: The receipts factor is a fraction. The numerator is the Maine gross receipts of the taxpayer during the tax period. The denominator is the gross receipts of the taxpayer everywhere during the tax period.

Line 9. Payroll Factor: The payroll factor is a fraction. The numerator is the total amount of compensation paid by the taxpayer in Maine during the tax period, and the denominator is the total compensation paid everywhere by the taxpayer during the tax period.

Line 10. Property Factor: The property factor is a fraction. The numerator is the average value of the taxpayer's real and tangible personal property owned or rented in Maine plus loans and credit card receivables located in Maine during the tax period, and the denominator is the average value of such property everywhere during the tax period.

Property rented by the taxpayer is valued at 8 times the annual rental rate. Loans and credit card receivables are valued at outstanding principal, without regard to any reserve for bad debt.

FORM CRB – page 1 of 2
MAINE FRANCHISE TAX
Combined Report For Unitary Members

010841200

MAINE REVENUE SERVICES
P.O. BOX 1062
AUGUSTA, ME 04332-1062

Federal EIN: _____

The Combined Report must be accompanied by a legible copy of the parent's Federal Consolidated Tax Return pages 1, 2, 3 and 4 (or equivalent).

This report must be attached to your Form 1120B-ME.

COMBINED REPORT

	Nexus with Maine	**Column 1** Financial Institution Name and Federal Identification Number of Unitary Business Member	**Column 2** Net Income **per Books** of Unitary Members Participating in a Federal Consolidated Filing	**Column 3** Net Income per Books of Unitary Members Filing Separate Federal Returns	**Column 4** Allowable Adjustments	**Column 5(A)** Adjusted Separate Net Income per Books of Unitary Members (Combine Cols 2, 3, & 4)	**Column 5(B)** Total end-of-year Assets
1.							
2.							
3.							
4.							
5.							
6.							
7.							
8.							
9.							
10.							
11.							
12.							
13.							
14.							
15.							
16.							
17.		Adjustments and eliminations for columns 5(B) through 8 (Attach schedule showing origin of any amount on this line)					
18.		**TOTALS**					

FORM CRB – page 2 of 2
MAINE FRANCHISE TAX

010841300

This report must be attached to your Form 1120B-ME

Important: The Combined Report must be accompanied by an affiliation schedule listing name, federal ID number, and corporate activity of all members of the affiliated group, both unitary and nonunitary members of the affiliated group.

COMBINED REPORT

Line No.	Column 6 A. Receipts in Maine	Column 6 B. Receipts Everywhere	Column 7 A. Payroll in Maine	Column 7 B. Payroll Everywhere	Column 8 A. Property in Maine	Column 8 B. Property Everywhere
1.						
2.						
3.						
4.						
5.						
6.						
7.						
8.						
9.						
10.						
11.						
12.						
13.						
14.						
15.						
16.						
17. Adjust-ments						
18. Totals						