

2003 SEED CAPITAL INVESTMENT TAX CREDIT WORKSHEET INSTRUCTIONS

This credit, administered by the Finance Authority of Maine ("FAME"), is intended for investments in new or recent business ventures, directly and through private venture capital funds. FAME issues a certificate to investors for up to forty percent of the cash equity they provide to eligible Maine businesses. Investments may be used for fixed assets, research or working capital. Effective July 21, 2002, investments made in eligible businesses located in high-unemployment areas as determined by FAME, are eligible for a tax credit of up to 60 percent of investment. For certificates issued after September 20, 2001 and before July 1, 2002 for investments made during that time period, the credit is fifteen percent of the authorized credit for each of the first six years (beginning with the tax year the credit certificate was issued) and 10% in the seventh year. For investments made on or after July 1, 2002, twenty five percent of the authorized credit may be used for each tax year beginning with the tax year during which the investment was made. A copy of the credit certificate must be attached to your tax return. Special rules apply to investments that qualify for the credit. If you have any questions regarding investments that qualify for the credit, call FAME at 1-800-228-3734. If a credit certificate is revoked by FAME, a portion of the credit relating to the revoked certificate may be subject to recapture. The recapture amount is equal to the amount of the credit revoked by FAME minus the amount of the credit not yet taken by the taxpayer. The recapture amount is included as an additional tax on the Maine return. For details, see 10 M.R.S.A. § 1100-T and 36 M.R.S.A. §5216-B and FAME rules, Chapter 307. **For more information, you may visit the FAME web page at www.famemaine.com.** The credit is limited to 50% of the tax liability of the taxpayer in any one year. The credit may be carried forward for up to 15 years.

What investments qualify for the Seed Capital Investment Tax Credit? An aggregate investment up to \$5,000,000 per business is eligible. The investment must be at risk for five years. Investors must own less than 50% of the business and immediate relatives of principal owners are not eligible. An eligible investment is an investment in a business that:

- a) Is located in Maine;
- b) Has gross sales of \$3,000,000 or less per year;
- c) Is the full-time, professional activity of at least one of the principal owners; and
- d) Is a manufacturer, or a product or service provider with 60% of sales derived from outside the state or to out-of-state residents, or is engaged in developing or applying advanced technologies, or must bring significant permanent capital into Maine.

SPECIFIC LINE INSTRUCTIONS

Please enter the taxpayer name and employer identification number ("EIN") or social security number ("SSN").

Note: In the case of passthrough entities (partnerships, LLCs, S corporations, trusts, etc.), the partners, members, shareholders, beneficiaries, etc., are allowed a credit in proportion to their respective interest in these entities. Attach a schedule showing the credit generated by the passthrough entity and the assignment/distribution to each partner, shareholder, beneficiary, etc. Include the name, address, and federal ID number of the passthrough entity on the schedule and the name and SSN/EIN of each partner, shareholder, beneficiary, etc.

- Line 1. **Investment credit certificate amounts for investments made September 21, 2001 through December 31, 2001.** For investments made September 21, 2001 through December 31, 2001, enter on this line 15% of the credit certificate amount. If you did not receive a credit certificate for investments made during this period, enter 0.
- Line 2. **Investment credit certificate amounts for investments made January 1, 2002 through June 30, 2002.** Enter 15% of credit certificate amounts relating to investments made January 1, 2002 through June 30, 2002.
- Line 3. **Investment credit certificate amounts for investments made July 1, 2002 through December 31, 2002.** Enter 25% of credit certificate amounts relating to investments made July 1, 2002 through December 31, 2002.
- Line 4. **Investment credit certificate amounts for investments made January 1, 2003 through December 31, 2003.** Enter 25% of credit certificate amounts relating to investments made January 1, 2003 through December 31, 2003.
- Line 5. **Carryover.** The amount of credit allowed in any one year is limited to 50% of the tax liability of the taxpayer before credits. The carryover is the portion of the available credit not taken in previous years as a result of this limitation. The carryover period, however, is limited to 15 years. Enter any allowable carryover amounts on this line.
- Line 7. **Income Tax before credits.** Enter the amount from Form 1120ME, Line 7c or Form 1040ME, Line 23. Multiply by 50%. The amount of the total credit cannot exceed 50% of the tax liability.
- Line 8. **Current Year Credit Amount.** This is the allowable credit amount for 2003.
- Line 9. **Carryover to next year.** Enter the unused credit amount here. That portion of the unused credit not exceeding the 15-year carryover period may be claimed on your income tax return next year. This amount may be increased by any amount on line 8 not utilized on Form 1120ME, Schedule C or Form 1040ME, Schedule A due to the use of other credits first.
- Line 10. **Credit amounts available in future years.** This is a breakdown of the allowable gross credit amounts that may be claimed in future years relating to credit certificates issued to you by FAME in 2003.



**SEED CAPITAL INVESTMENT TAX CREDIT
WORKSHEET For Tax Year 2003
36 M.R.S.A. § 5216-B**

TAXPAYER NAME: _____ EIN/SSN: _____

Note: Owners of passthrough entities (partnerships, LLCs, S corporations, trusts, etc.) making an eligible investment, see the note in the specific line instructions. Also, please provide name and ID number of the passthrough entity on the lines below.

	NAME OF PASSTHROUGH ENTITY	EIN/SSN
1.	Investment Credit certificate amounts for investments made September 21, 2001 through December 31, 2001. _____ X .15 (Attach copy of certificates)	_____
2.	Investment credit certificate amounts for investments made January 1, 2002 through June 30, 2002. _____ X .15 (Attach copy of certificates)	_____
3.	Investment credit certificate amounts for investments made July 1, 2002 through December 31, 2002. _____ X .25 (Attach copy of certificates)	_____
4.	Investment credit certificate amounts for investments made January 1, 2003 through December 31, 2003. _____ X .25 (Attach copy of certificates)	_____
5.	Unused credit amounts carried to 2003 (See instructions)	_____
6.	Total credit available this year (Add lines 1,2, 3, 4 and 5). Corporations, enter here and on Form 1120ME, Schedule C, line 29a, on the Credit Claimed line	_____
7.	Tax before credits (Form 1120ME, line 7c or Form 1040ME, line 23) _____ X .50	_____
8.	Current Year Credit amount: Enter the smaller of line 6 or line 7	_____
	(enter here and on Form 1120ME, Schedule C, line 29a or Form 1040ME, Schedule A, line 9)	
9.	Carryover: Line 6 minus line 8 plus any unused amount on Form 1120ME, Schedule C or Form 1040ME, Schedule A. See instructions	_____
10.	Amount of credit available for future years relating to credit certificates issued for eligible investments made in 2003.	
a.	2004 (line 4 gross certificate amount above x .25). Enter total here	_____
b.	2005 (line 4 gross certificate amount above x .25). Enter total here	_____
c.	2006 (line 4 gross certificate amount above x .25). Enter total here	_____
11.	Recapture. Credit certificate amount revoked by FAME _____ minus credit certificate amount not yet used. _____	
	Enter amount here and on Form 1120ME, line 7b or Form 1040ME, Schedule A, line 1. _____	