



**CREDIT FOR EDUCATIONAL OPPORTUNITY
WORKSHEET FOR EMPLOYERS
FOR TAX YEAR 2010
36 MRSA § 5217-D**

EMPLOYER NAME: _____ EIN: _____

Entity Type: C Corporation S Corporation Partnership LLC Sole Proprietor

Qualified Employee Name: _____

Maine Location at which Qualified Employee worked: _____

Did employee receive (check one): Bachelor's degree Associate degree. Date of graduation: _____

1. Enter the monthly benchmark loan payment amount (see instructions) 1. \$ _____
2. Enter the lesser of the following amounts 2. \$ _____
 - a. The monthly amount of eligible education loan payments **due** during employer's tax year beginning in 2010, even if less or more than what was actually paid, and regardless of whether the amount was paid by you, the employee or someone else (\$_____).
 - b. The monthly eligible education loan payment amount **actually paid** by you, the employee and anyone else during employer's tax year beginning in 2010 (\$_____).
3. Enter the lesser of line 1 or line 2 3. \$ _____
4. With respect to that period of your tax year the employee was a resident of Maine working for an employer located in Maine, enter the number of months you, the employee and/or anyone else made eligible education loan payments. (see instructions) 4. _____
5. Multiply line 3 by line 4 5. \$ _____
6. Enter the amount of line 5 paid by the employee or anyone else 6. \$ _____
7. Subtract line 6 from line 5..... 7. \$ _____
- 8a. Enter total number of academic credit hours earned by the qualified employee for the degree after December 31, 2007 8a. _____
- 8b. Enter total number of academic credit hours earned for the degree 8b. _____
- 8c. Divide line 8a by line 8b 8c. ____ . ____ _ _ _ _
9. Tentative credit amount. Multiply line 7 by line 8c 9. _____
10. Was qualified employee employed part-time (at least 16 hours weekly but on average less than 32 hours weekly) during your tax year? If yes, enter 0.5000 on this line. If no, enter 1.0000 10. ____ . ____ _ _ _ _
11. **Credit Amount.** Multiply line 9 by line 10 and enter the result on this line 11. \$ _____
12. Carry forward of unused credit amount from 2009 12. \$ _____
13. Total credit available (line 11 plus line 12). **C corporations:** Add the line 14 amounts of all worksheets completed and enter the total on Form 1120ME, Schedule C, line 29l. **Sole proprietors:** Add the line 14 amounts of all worksheets completed and enter the total on Form 1040ME, Schedule A, line 10. **Pass-through entities:** Enter the result here and see instructions for reporting amounts to owners 13. \$ _____
14. Carryforward to 2011 (see instructions) 14. \$ _____

IMPORTANT

Upon review of this worksheet, Maine Revenue Services may request supporting documentation for any or the following: degree received; date of degree; academic credit hours earned for the degree prior to January 1, 2008 and after December 31, 2007; the institution(s) from which the degree was earned; the educational loans that qualify for the credit; the educational loan payments made by you or qualified employee during the tax year that qualify for the credit; any other information necessary to substantiate the credit claimed.

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GENERAL INSTRUCTIONS

Note: The **Credit for Educational Opportunity Worksheet for Employers** and the related instructions below are for employers, including employers that are pass-through entities, making eligible education loan payments 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.

The Credit for Educational Opportunity is a component of the Job Creation Through Educational Opportunity Program available after 2007. The purpose of the program is to provide an income tax credit for education-related costs for Maine resident individuals who obtain an associate or bachelor's degree from a Maine college, junior college or university and who, after graduation, live, work and pay taxes in Maine. The credit is available to qualifying graduates and employers making eligible education loan payments.

Qualifying graduates are those individuals who meet all of the following:

- the individual was a Maine resident while attending a Maine college or university in pursuit of an associate or bachelor's degree*;
- all coursework for the associate or bachelor's degree was performed at a Maine college or university*;
- the individual obtained an associate or bachelor's degree from a Maine college or university; and
- after graduation, the individual is a Maine resident working for an employer located in Maine.

* For individuals enrolled in a degree program prior to January 1, 2008, these requirements need only be met from January 1, 2008 forward.

Credit amount. The credit is equal to the eligible education loan payments (defined below) paid by the taxpayer during the tax year, limited to the benchmark loan payment amount. The benchmark loan payment amount applies only if the total principal of loans the student received as part of a financial aid package exceeds the principal cap. The principal cap is based on the in-state tuition and fees for the Maine Community College System or the University of Maine System, depending on whether the degree is an associate degree or a bachelor's degree and depending on the year of graduation. See Title 20-A, § 12542 (2-A). The principal cap amounts for 2010 are \$3,300 for an associate degree and \$7,865 for a bachelor's degree. These amounts are adjusted annually for a cost-of-living adjustment. The related benchmark loan payment amounts for 2010 are \$72 for an associate degree and \$343 for a bachelor's degree.

If the eligible education loan payments are made by both the qualifying graduate and the graduate's employer(s), the total combined credit of the graduate and all employers may not exceed the benchmark loan payment amount multiplied by the number of months during the tax year eligible loan payments were made. Also, a qualifying graduate and an employer may each claim a credit only on the basis of eligible education loan payments *they* each made. For example, a qualifying graduate may not claim a credit for a loan payment made by their employer. The credit may not reduce the tax otherwise due to less than zero. Any unused credit amount may be carried forward for up to 10 years.

Eligible education loan payments, for purposes of this worksheet, are payments made by, or on behalf of, a qualifying graduate with respect to education loans that are part of a financial aid package for attendance at a Maine college or university. Payments made in excess of the annual amount required by the financial institution are not eligible for the credit. Payments made on loans with a term fewer than 8 years do not qualify as eligible education loan payments. Payments made on refinanced eligible education loans qualify for the credit as long as the refinanced loan remains separate from any debt incurred outside of the individual's financial aid package.

SPECIFIC INSTRUCTIONS

Enter employer name and employer identification number ("EIN") in the spaces provided. Indicate the entity type by checking the box that applies. Also enter the qualified employee name and the Maine location from which the qualified employee worked during your tax year.

Note: A separate credit worksheet must be completed for each qualified employee for whom you (the employer) made an eligible education loan payment.

In the case of employers that are pass-through entities (S corporations, partnerships, LLCs, etc.), the shareholders, partners, members, etc., are allowed a Credit for Educational Opportunity in proportion to their respective interest in these entities. Pass-through entities must complete the worksheet in the same manner as other employers in order to calculate the credit amount. However, see specific instructions for line 13 regarding employer reporting requirements and how the credit may be claimed by owners.

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SPECIFIC INSTRUCTIONS-CONTINUED

Line 1. Enter the appropriate monthly benchmark loan payment amount as follows:

If you graduated in: **and the degree you received was:**
Associate Degree **Bachelor's Degree**
the benchmark loan payment amount is:

2008	*	*
2009	*	*
2010	\$72.00	\$343.00

* The benchmark loan payment amount is the amount stated in the qualified employee's Opportunity Maine Contract that the employee signed with the college or university.

Line 2. Enter the lesser of the following: a) the **monthly** eligible education loan payment amount **due** during employer's tax year beginning in 2010 (the amount **required** to be paid to the lender each month, even if less or more than what was actually paid, and regardless of whether you, the employee or anyone else paid the amount); or, b) the **monthly** amount of eligible education loan payments **actually** made during employer's tax year by you, the employee and/or anyone else.

Line 4. With respect to that period of the tax year the qualified employee was a resident of Maine working for you (or another employer) located in Maine, enter the number of months you, the employee and/or anyone else made eligible education loan payments. For example, if the qualified employee graduated May 2010, 6 eligible education loan payments were made beginning July 1, 2010, the qualified employee was a Maine resident from July 1, 2010 through the end of your tax year (December 31, 2010), and started working for you August 1, 2010, enter 5 on line 4. In this example, there are only 5 months that all of the requirements are met.

Line 6. Enter on line 6 the total amount of eligible education loan payments **made by the qualified employee or anyone else** (other than you) during your tax year beginning in 2010. For a definition of **eligible education loan payments**, see the General Instructions above.

Line 8. The credit is limited to the percentage of academic credit hours earned by the qualified employee after 2007. Divide line 8a by line 8b. Enter the result as a decimal carried out 4 places (example, 10/40 = 0.2500). If lines 8a and 8b are equal, enter the decimal amount as 1.0000.

Line 10. If the qualified employee worked for you an average of less than 32 hours per week during your tax year, enter 0.5000 on this line. Otherwise, enter 1.0000. **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 not more than 32 hours weekly, you would enter 0.5000 on line 10. 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 13. Pass-through entities must provide each shareholder, partner, member, etc., 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, member, etc. Owners claiming the credit must attach a copy of the credit worksheet(s) and schedule of assignment/distribution.

Line 14. Enter on this line the amount from line 13 that was not used this year. The allowable credit is limited to the tax otherwise due. This limitation is applied on Maine Form 1040ME, Schedule A, or Form 1120ME, Schedule C. Any unused credit resulting from the limitation may be carried forward to succeeding tax years for up to 10 years. Keep a copy of the worksheet as a reminder of the amount of unused credit you carry forward to tax year 2011.