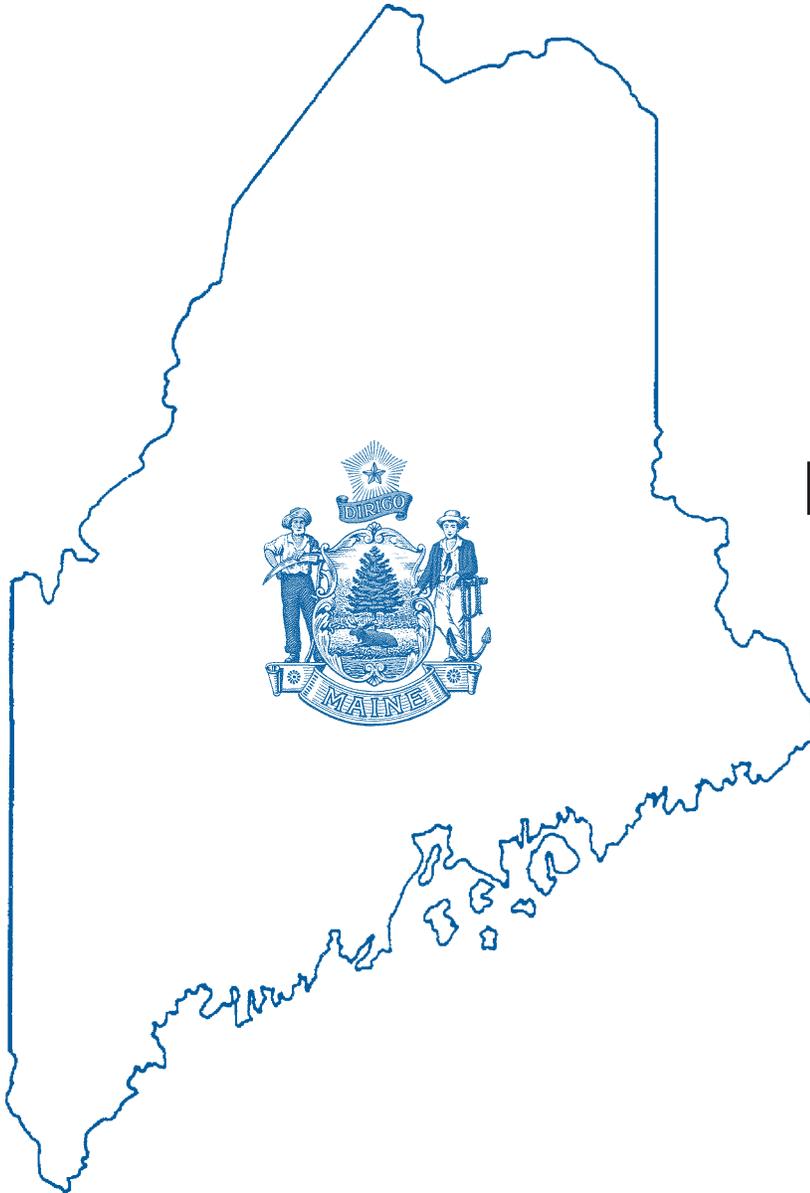


# MAINE 2007



## FORM 1041ME ESTATES & TRUSTS (FIDUCIARY) INCOME TAX

### MISSION STATEMENT

*The mission of Maine Revenue Services is to serve the citizens of Maine by administering the tax laws of the State effectively and professionally in order to provide the revenues necessary to support Maine government. To accomplish this mission, we will:*

- Foster voluntary compliance with the tax laws by providing clear, complete, accurate, and timely guidance to taxpayers to help them understand and meet their responsibilities under the law.*
- Maintain the highest standards of integrity, fairness, confidentiality and courtesy in everything we do.*

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For **DOWNLOADABLE FORMS**, visit our web site: [www.maine.gov/revenue/forms](http://www.maine.gov/revenue/forms)



Pay your income taxes electronically at [www.maine.gov/revenue](http://www.maine.gov/revenue). Electronic payments eliminate the necessity of filing forms 1041EXT-ME (income tax extension payment voucher) as well as 1041ES-ME (income tax estimated payment vouchers). **NOTE:**

EZ Pay does not replace the requirement to file a Maine income tax return.

Maine EZ Pay is an online application that allows Maine taxpayers to make payments online, quickly and easily. Almost any type of tax

payment can be made, including individual payments, such as individual income tax estimate payments and estate tax payments as well as business tax payments, such as withholding and unemployment, or sales tax. To avoid having to make payments earlier than necessary, payments may be scheduled in advance and will automatically be withdrawn on the payment date the taxpayer selects.

Taxpayers must pre-register online with personal and bank account information, and payments will be withdrawn from the checking or savings account that is set up in the registration.

## IMPORTANT CHANGES

### **ESTATE TAX EXPENSE DEDUCTION. 36 M.R.S.A. 5122(1)(Y).**

To prevent a Maine deduction for the same expenses on both the estate tax return and the estate's fiduciary income tax return, the administrative expense deduction claimed for federal fiduciary income tax purposes that is also used to determine the taxable estate in calculating the Maine estate tax must be added back on the Maine fiduciary income tax return. Applies to tax years beginning on or after January 1, 2007.

**DOMICILE "SAFE HARBORS". 36 M.R.S.A. § 5102(5).** Generally, individuals who are domiciled in Maine are considered residents for Maine income tax purposes. However, Maine law now provides that for tax years beginning on or after January 1, 2007, certain individuals spending significant time outside Maine will not be treated as resident individuals even though they are domiciled in Maine. For more information on these exceptions, see the *Guidance to Residency "Safe Harbors"* available at [www.maine.gov/revenue/forms](http://www.maine.gov/revenue/forms) (select *Income Tax Guidance Documents*).

**QUALIFIED TUITION PROGRAMS (529 PLANS). 36 M.R.S.A. § 5122(2)(V).** Up to \$250 of contributions made to a Maine or non-Maine qualified state tuition program ("529 college savings plan") may be deducted on the Maine return for each beneficiary. Taxpayers filing single or married separate with federal adjusted gross income more than \$100,000 and taxpayers filing married joint or head of household with federal adjusted gross income more than \$200,000 do not qualify for the deduction. Applies to tax years beginning on or after January 1, 2007.

**SECTION 179 EXPENSE NONCONFORMITY. 36 M.R.S.A. § 5122(1)(N)(3).** Nonconformity with the increased Code Section 179 expense deductions applicable to taxable years beginning on or after January 1, 2003 is extended indefinitely. Differences between allowable Maine and federal deductions must be added back on the Maine return.

**FOREST MANAGEMENT PLANNING CREDIT. 36 M.R.S.A. § 5219-C.** The law is clarified to require that qualifying forest land be located in Maine to be eligible for the Forest Management Planning Credit. Applies to tax years beginning on or after January 1, 2007.

**BIOFUEL CREDIT. 36 M.R.S.A. § 5219-X.** The carryover period for unused biofuel credit amounts is extended from 5 years to 10 years.

**PINE TREE DEVELOPMENT ZONES. 30-A M.R.S.A., chapter 206, subchapter 6.** The Pine Tree Development Zone Program is expanded to include certain manufacturers whether or not located in a designated zone. The manufacturers must meet certain expansion requirements in order to qualify for the program, such as a minimum investment of \$225,000 and creation of at least 4 new quality full-time jobs. Eligibility for the Pine Tree Zone program is determined by the Department of Economic and Community Development ("DECD").

The Commissioner of DECD, with assistance from the State Economist, must for purposes of eligibility determine whether or not the business activity of an applicant for the Pine Tree Development Zone Program will result in a substantial detriment to existing businesses in the state.

## MAINE REVENUE SERVICES PRIVACY POLICY

Maine Revenue Services ("MRS") maintains the highest standards in handling personally identifiable taxpayer information. Taxpayers have the right to know what information is kept on file about them, to have reasonable access to it, and to receive a copy of their file. Under penalties of law, employees and agents of MRS are prohibited from willfully inspecting information contained on any tax return for any purpose other than the conduct of official duties. In addition, MRS employees and agents are prohibited from disclosing tax information to anyone other than the taxpayer except in a limited number of very specific circumstances. No unassociated third parties may receive information pertaining to tax returns without written permission from the affected taxpayer except as allowed under 36 M.R.S.A. § 191. Communications that do not meet the definition of tax information are subject to the general confidentiality and public inspection provisions

of Maine's "Freedom of Access" laws. When confidential taxpayer information is stored by MRS, it is kept in a secure location where it is accessible only to authorized employees and agents of MRS. If you have any questions regarding the Privacy Policy, please contact MRS at (207) 626-8475.

### **Record-keeping Requirements**

Keep a copy of your Maine income tax return, including worksheets, and supporting documents (such as W-2 and 1099 forms) for the same period required for keeping your federal income tax records. This is generally 3 years from the date the return was filed. You should keep some records longer. For example, keep property records (including those on your home) as long as they are needed to calculate the basis of the original or replacement property. See 36 M.R.S.A. § 135.



# 2007 INCOME TAX RETURN FOR RESIDENT AND NONRESIDENT ESTATES AND TRUSTS

For calendar year 2007 or tax year beginning in 2007



00

\*0709100\*

FORM 1041ME

Tax period      /      / 07 to      /      /       Amended Return

NAME OF ESTATE OR TRUST (AS IT APPEARS ON FEDERAL FORM SS-4) <hr/> NAME and TITLE of FIDUCIARY or TRUSTEE <hr/> ADDRESS OF FIDUCIARY (NUMBER AND STREET) <hr/> CITY STATE ZIP CODE <hr/>	ESTATE/TRUST EIN <hr/> FIDUCIARY SSN OR EIN (do not enter / or -) <hr/> CONTACT PERSON <hr/> TELEPHONE NUMBER <hr/>
--	---

**Type of entity:** (check one box)

<input type="checkbox"/> Decedent's estate	<input type="checkbox"/> Qualified Funeral Trust	<input type="checkbox"/> Bankruptcy estate — (Chapter 7)
<input type="checkbox"/> Simple Trust	<input type="checkbox"/> ESBT (S Portion Only)	<input type="checkbox"/> Bankruptcy estate — (Chapter 11)
<input type="checkbox"/> Complex Trust		<input type="checkbox"/> Pooled income fund

Check the boxes that apply:  Resident estate or trust  Nonresident estate or trust  Initial return  Final return

1. <b>Federal taxable income</b> (nonresident estates and trusts, skip to line 3).....1	_____	_____	_____	.00
2. <b>Fiduciary Adjustment: Resident estates and trusts only</b> (see instructions).....2	_____	_____	_____	.00
3. <b>Maine taxable income</b> (resident estate or trust - line 1 plus or minus line 2. Nonresident estate or trust - Schedule NR, line 9, column B).....3	_____	_____	_____	.00
4. <b>Maine income tax</b> (from tax table on page 12 of instructions).....4	_____	_____	_____	.00
5. <b>Adjustments to tax</b> (from Schedule A, line 18).....5	_____	_____	_____	.00
6. <b>Adjusted Maine income tax</b> (line 4 plus or minus line 5).....6	_____	_____	_____	.00
7. <b>Tax payments:</b> a. Maine income tax withheld (attach Form W-2, W-2G, 1099-R or 1099ME).....7a	_____	_____	_____	.00
b. 2007 Estimated tax payments (including real estate withholding tax payments and extension payments).....7b	_____	_____	_____	.00
c. Total Payments (add lines 7a and 7b).....7c	_____	_____	_____	.00
8. a. If line 6 is greater than line 7c, enter <b>TAX BALANCE DUE</b> .....8a	_____	_____	_____	.00
b. Enter <b>PENALTY</b> for underpayment of estimated tax (attach Form 2210ME) (Check here if you checked the box on Form 2210, line 17)..... <input type="checkbox"/> .....8b	_____	_____	_____	.00
c. <b>TOTAL AMOUNT DUE</b> (add lines 8a and 8b).....8c	_____	_____	_____	.00
9. If line 7c is greater than line 6, enter <b>OVERPAYMENT</b> .....9	_____	_____	_____	.00
10. Overpayment to be:				
a. <b>CREDITED</b> to next year's estimated tax 10a	_____	_____	.00	
b. <b>REFUNDED</b> .....10b	_____	_____	_____	.00

**Third Party Designee** Do you want to allow another person to discuss this return with Maine Revenue Services?  Yes (complete the following).  No.  
 Designee's name \_\_\_\_\_ Phone no. ( ) \_\_\_\_\_ Personal Identification number \_\_\_\_\_

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.

**X** \_\_\_\_\_  
SIGNATURE OF FIDUCIARY OR OFFICER REPRESENTING ESTATE OR TRUST DATE \_\_\_\_\_

**X** \_\_\_\_\_  
SIGNATURE OF PREPARER OTHER THAN FIDUCIARY DATE \_\_\_\_\_

PRINT PREPARER'S NAME \_\_\_\_\_ PREPARER'S PHONE NUMBER \_\_\_\_\_ PREPARER'S SSN OR PTIN \_\_\_\_\_

**File return with:** Maine Revenue Services, PO Box 9108, Augusta, Maine 04332-9108  
**Enclose check payable to:** TREASURER, STATE OF MAINE. Write the employer identification number of the estate or trust on the check. DO NOT SEND CASH

Office Use Only



**SCHEDULE 1 - FIDUCIARY ADJUSTMENT**

(Enter combined amounts for both the beneficiaries and the estate or trust)

**1 ADDITIONS** — Income exempt from federal income tax, but taxable by Maine:

a Income from municipal and state bonds, other than Maine..... 1a \_\_\_\_\_ .00

b Net Operating Loss Recovery Adjustment (attach schedule)..... 1b \_\_\_\_\_ .00

c Maine State Retirement Contributions ..... 1c \_\_\_\_\_ .00

d Domestic Production Activities Deduction Add-back (see instructions)..... 1d \_\_\_\_\_ .00

e IRC § 179 Expense Add-back (see instructions)..... 1e \_\_\_\_\_ .00

f Other. List \_\_\_\_\_ (see instructions)..... 1f \_\_\_\_\_ .00

g Total additions (add lines 1a through 1f) ..... **1g** \_\_\_\_\_ .00

**2 DEDUCTIONS** — Income exempt from Maine income tax, but taxable by federal law:

a U.S. Government Bond interest included in federal taxable income ..... 2a \_\_\_\_\_ .00

b Social Security and Railroad Retirement Benefits included in federal taxable income (see instructions)..... 2b \_\_\_\_\_ .00

c Interest from Maine Municipal General Obligation & Private Activity Bonds included in federal taxable income ..... 2c \_\_\_\_\_ .00

d Maine State Retirement System Pick-Up Contributions paid during 2007 which have been previously taxed by the state ..... 2d \_\_\_\_\_ .00

e Federal Work Opportunity Credit/Federal Empowerment Zone Credit Deduction ..... 2e \_\_\_\_\_ .00

f Bonus Depreciation and IRC § 179 Recapture (see instructions)..... 2f \_\_\_\_\_ .00

g Other. List \_\_\_\_\_ (see instructions)..... 2g \_\_\_\_\_ .00

h Total Deductions (add lines 2a through 2g)..... **2h** \_\_\_\_\_ .00

**3 Net Fiduciary Adjustment** (subtract line 2h from line 1g — see instructions [may be a negative amount]) ..... **3** \_\_\_\_\_ .00

All estates or trusts: Multiply line 3 minus line 1d by Schedule 2, Column 3, line f. Add result to line 1d. **Resident** estates or trusts: Enter on page 1, line 2. **Nonresident** estates or trusts: Enter on Schedule NR, line 7, Column A.

**SCHEDULE 2 — ALLOCATION OF FEDERAL INCOME AND MAINE-SOURCE INCOME**

1. Name B = beneficiary E/T = estate or trust	2. Share of income (copy from federal return)	3. Percent	4. State of domicile	5. Social security number/EIN of beneficiaries	6. Maine-source income allocated to <b>nonresident</b> & "Safe Harbor" resident beneficiaries
(a) B-	\$	%			\$
(b) B-	\$	%			\$
(c) B-	\$	%			\$
(d) B-	\$	%			\$
(e) B-	\$	%			\$
(f) E/T-	\$	%			\$
(g) Total	\$	100%			\$

**Line g, Column 6:** If required to complete Schedule NR, enter the amount from Schedule NR, line 4, Column B. Complete Column 6 for nonresident and "Safe Harbor" resident beneficiaries based on the amount entered on line g, Column 6, and also based on the percentages in Column 3.

**SCHEDULE 3 - CREDIT FOR INCOME TAX PAID TO ANOTHER JURISDICTION**

1 Maine taxable income from Form 1041ME, page 1, line 3..... 1 \_\_\_\_\_ .00

2 Income taxed by (\_\_\_\_\_ other jurisdiction) included in line 1 ..... 2 \_\_\_\_\_ .00

3 Percentage of income taxed by other jurisdiction (divide line 2 by line 1) ..... 3 \_\_\_\_\_ %

4 Limitation of credit:

a Form 1041ME, page 1, line 4 \$ \_\_\_\_\_ multiplied by \_\_\_\_\_ % on line 3 above ..... 4a \_\_\_\_\_ .00

b Income taxes paid to other jurisdiction net of tax credits..... 4b \_\_\_\_\_ .00

5 Allowable credit: line 4a or 4b, whichever is less. Enter here and on Form 1041ME, Schedule A, line 4 ..... 5 \_\_\_\_\_ .00

**Special instructions for taxpayers who claim credit for income tax paid to more than one other jurisdiction:** Credit for each jurisdiction must be computed separately. Use a separate Schedule 3 for each one. Add the results together and enter total on Schedule A, line 4.



# 2007 INCOME TAX RETURN FOR RESIDENT AND NONRESIDENT ESTATES AND TRUSTS

For calendar year 2007 or tax year beginning in 2007



\*0709100\*

FORM 1041ME

Tax period        /        / 07 to        /        /         Amended Return

NAME OF ESTATE OR TRUST (AS IT APPEARS ON FEDERAL FORM SS-4) _____			ESTATE/TRUST EIN _____		
NAME and TITLE of FIDUCIARY or TRUSTEE _____			FIDUCIARY SSN OR EIN (do not enter / or -) _____		
ADDRESS OF FIDUCIARY (NUMBER AND STREET) _____			CONTACT PERSON _____		
CITY _____	STATE _____	ZIP CODE _____	TELEPHONE NUMBER _____		

**Type of entity:** (check one box)

<input type="checkbox"/> Decedent's estate	<input type="checkbox"/> Qualified Funeral Trust	<input type="checkbox"/> Bankruptcy estate — (Chapter 7)
<input type="checkbox"/> Simple Trust	<input type="checkbox"/> ESBT (S Portion Only)	<input type="checkbox"/> Bankruptcy estate — (Chapter 11)
<input type="checkbox"/> Complex Trust		<input type="checkbox"/> Pooled income fund

Check the boxes that apply:  Resident estate or trust  Nonresident estate or trust  Initial return  Final return

<b>1. Federal taxable income</b> (nonresident estates and trusts, skip to line 3).....1	_____ , _____ , _____	<b>.00</b>
<b>2. Fiduciary Adjustment: Resident estates and trusts only</b> (see instructions).....2	_____ , _____ , _____	<b>.00</b>
<b>3. Maine taxable income</b> (resident estate or trust - line 1 plus or minus line 2. Nonresident estate or trust - Schedule NR, line 9, column B).....3	_____ , _____ , _____	<b>.00</b>
<b>4. Maine income tax</b> (from tax table on page 12 of instructions).....4	_____ , _____ , _____	<b>.00</b>
<b>5. Adjustments to tax</b> (from Schedule A, line 18).....5	_____ , _____ , _____	<b>.00</b>
<b>6. Adjusted Maine income tax</b> (line 4 plus or minus line 5).....6	_____ , _____ , _____	<b>.00</b>
<b>7. Tax payments:</b> a. Maine income tax withheld (attach Form W-2, W-2G, 1099-R or 1099ME).....7a	_____ , _____ , _____	<b>.00</b>
b. 2007 Estimated tax payments (including real estate withholding tax payments and extension payments).....7b	_____ , _____ , _____	<b>.00</b>
c. Total Payments (add lines 7a and 7b).....7c	_____ , _____ , _____	<b>.00</b>
<b>8. a.</b> If line 6 is greater than line 7c, enter <b>TAX BALANCE DUE</b> .....8a	_____ , _____ , _____	<b>.00</b>
<b>b.</b> Enter <b>PENALTY</b> for underpayment of estimated tax (attach Form 2210ME) (Check here if you checked the box on Form 2210, line 17)..... <input type="checkbox"/> 8b	_____ , _____ , _____	<b>.00</b>
<b>c. TOTAL AMOUNT DUE</b> (add lines 8a and 8b).....8c	_____ , _____ , _____	<b>.00</b>
<b>9.</b> If line 7c is greater than line 6, enter <b>OVERPAYMENT</b> .....9	_____ , _____ , _____	<b>.00</b>
<b>10. Overpayment to be:</b> a. <b>CREDITED</b> to next year's estimated tax 10a _____ , _____ <b>.00</b>	b. <b>REFUNDED</b> .....10b _____ , _____ , _____	<b>.00</b>

**Third Party Designee** Do you want to allow another person to discuss this return with Maine Revenue Services?  Yes (complete the following).  No.  
Designee's name \_\_\_\_\_ Phone no. ( ) \_\_\_\_\_ Personal Identification number \_\_\_\_\_

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.

**X** \_\_\_\_\_  
SIGNATURE OF FIDUCIARY OR OFFICER REPRESENTING ESTATE OR TRUST DATE \_\_\_\_\_

**X** \_\_\_\_\_  
SIGNATURE OF PREPARER OTHER THAN FIDUCIARY DATE \_\_\_\_\_

PRINT PREPARER'S NAME \_\_\_\_\_ PREPARER'S PHONE NUMBER \_\_\_\_\_ PREPARER'S SSN OR PTIN \_\_\_\_\_

**File return with:** Maine Revenue Services, PO Box 9108, Augusta, Maine 04332-9108  
**Enclose check payable to:** TREASURER, STATE OF MAINE. Write the employer identification number of the estate or trust on the check. **DO NOT SEND CASH**

Office Use Only



**SCHEDULE 1 - FIDUCIARY ADJUSTMENT**

(Enter combined amounts for both the beneficiaries and the estate or trust)

**1 ADDITIONS** — Income exempt from federal income tax, but taxable by Maine:

a Income from municipal and state bonds, other than Maine..... 1a \_\_\_\_\_ .00

b Net Operating Loss Recovery Adjustment (attach schedule)..... 1b \_\_\_\_\_ .00

c Maine State Retirement Contributions ..... 1c \_\_\_\_\_ .00

d Domestic Production Activities Deduction Add-back (see instructions)..... 1d \_\_\_\_\_ .00

e IRC § 179 Expense Add-back (see instructions)..... 1e \_\_\_\_\_ .00

f Other. List \_\_\_\_\_ (see instructions)..... 1f \_\_\_\_\_ .00

g Total additions (add lines 1a through 1f) ..... **1g** \_\_\_\_\_ .00

**2 DEDUCTIONS** — Income exempt from Maine income tax, but taxable by federal law:

a U.S. Government Bond interest included in federal taxable income ..... 2a \_\_\_\_\_ .00

b Social Security and Railroad Retirement Benefits included in federal taxable income (see instructions)..... 2b \_\_\_\_\_ .00

c Interest from Maine Municipal General Obligation & Private Activity Bonds included in federal taxable income ..... 2c \_\_\_\_\_ .00

d Maine State Retirement System Pick-Up Contributions paid during 2007 which have been previously taxed by the state ..... 2d \_\_\_\_\_ .00

e Federal Work Opportunity Credit/Federal Empowerment Zone Credit Deduction ..... 2e \_\_\_\_\_ .00

f Bonus Depreciation and IRC § 179 Recapture (see instructions)..... 2f \_\_\_\_\_ .00

g Other. List \_\_\_\_\_ (see instructions)..... 2g \_\_\_\_\_ .00

h Total Deductions (add lines 2a through 2g)..... **2h** \_\_\_\_\_ .00

**3 Net Fiduciary Adjustment** (subtract line 2h from line 1g — see instructions [may be a negative amount]) ..... **3** \_\_\_\_\_ .00

All estates or trusts: Multiply line 3 minus line 1d by Schedule 2, Column 3, line f. Add result to line 1d. **Resident** estates or trusts: Enter on page 1, line 2. **Nonresident** estates or trusts: Enter on Schedule NR, line 7, Column A.

**SCHEDULE 2 — ALLOCATION OF FEDERAL INCOME AND MAINE-SOURCE INCOME**

1. Name B = beneficiary E/T = estate or trust	2. Share of income (copy from federal return)	3. Percent	4. State of domicile	5. Social security number/EIN of beneficiaries	6. Maine-source income allocated to <b>nonresident</b> & "Safe Harbor" resident beneficiaries
(a) B-	\$	%			\$
(b) B-	\$	%			\$
(c) B-	\$	%			\$
(d) B-	\$	%			\$
(e) B-	\$	%			\$
(f) E/T-	\$	%			\$
(g) Total	\$	100%			\$

**Line g, Column 6:** If required to complete Schedule NR, enter the amount from Schedule NR, line 4, Column B. Complete Column 6 for nonresident and "Safe Harbor" resident beneficiaries based on the amount entered on line g, Column 6, and also based on the percentages in Column 3.

**SCHEDULE 3 - CREDIT FOR INCOME TAX PAID TO ANOTHER JURISDICTION**

1 Maine taxable income from Form 1041ME, page 1, line 3..... 1 \_\_\_\_\_ .00

2 Income taxed by (\_\_\_\_\_ other jurisdiction) included in line 1 ..... 2 \_\_\_\_\_ .00

3 Percentage of income taxed by other jurisdiction (divide line 2 by line 1) ..... 3 \_\_\_\_\_ %

4 Limitation of credit:

a Form 1041ME, page 1, line 4 \$ \_\_\_\_\_ multiplied by \_\_\_\_\_ % on line 3 above ..... 4a \_\_\_\_\_ .00

b Income taxes paid to other jurisdiction net of tax credits..... 4b \_\_\_\_\_ .00

5 Allowable credit: line 4a or 4b, whichever is less. Enter here and on Form 1041ME, Schedule A, line 4 ..... 5 \_\_\_\_\_ .00

**Special instructions for taxpayers who claim credit for income tax paid to more than one other jurisdiction:** Credit for each jurisdiction must be computed separately. Use a separate Schedule 3 for each one. Add the results together and enter total on Schedule A, line 4.

**SCHEDULE A**  
**FORM 1041ME**  
**2007**

**ADJUSTMENTS TO TAX**  
Enclose with your Form 1041ME



Name as shown on Form 1041ME

Estate/Trust EIN

\_\_\_\_\_ - \_\_\_\_\_

**Section 1. TAX ADDITIONS:**

- 1. **RETIREMENT PLAN DISTRIBUTIONS** - Enter the amount from federal Form 1041, Schedule G, line 1b \$ \_\_\_\_\_ x .15.....1 \_\_\_\_\_, \_\_\_\_\_ .00
- 2a. Enter the Maine Minimum Tax from the Maine Minimum Tax Worksheet (see instructions on page 14)..... 2a \_\_\_\_\_, \_\_\_\_\_ .00
- 2b. Enter the amount of Pine Tree Development Zone Credit from the Credit Application Worksheet ..... 2b \_\_\_\_\_, \_\_\_\_\_ .00
- 2c. **MAINE MINIMUM TAX** - Subtract line 2b from line 2a.....2c \_\_\_\_\_, \_\_\_\_\_ .00
- 3. **TOTAL ADDITIONS** - Add lines 1 and 2c .....3 \_\_\_\_\_, \_\_\_\_\_ .00

**Section 2. TAX CREDITS (see instructions for details):**

- 4. **CREDIT FOR INCOME TAX PAID TO OTHER JURISDICTIONS** - From 1041ME, Schedule 3, line 5.....4 \_\_\_\_\_, \_\_\_\_\_ .00
- 5. **MAINE SEED CAPITAL CREDIT (enclose worksheet-see instructions)** .....5 \_\_\_\_\_, \_\_\_\_\_ .00
- 6. **EMPLOYER-ASSISTED DAY CARE CREDIT (enclose worksheet-see instructions)** .....6 \_\_\_\_\_, \_\_\_\_\_ .00
- 7. **FOREST MANAGEMENT PLANNING CREDIT** (supporting documentation **MUST** be included) .....7 \_\_\_\_\_, \_\_\_\_\_ .00
- 8. **RESEARCH EXPENSE TAX CREDIT (enclose worksheet-see instructions)** .....8 \_\_\_\_\_, \_\_\_\_\_ .00
- 9. **RESEARCH & DEVELOPMENT SUPER CREDIT (enclose worksheet-see instructions)** .....9 \_\_\_\_\_, \_\_\_\_\_ .00
- 10. **HIGH-TECHNOLOGY CREDIT (enclose worksheet-see instructions)** .....10 \_\_\_\_\_, \_\_\_\_\_ .00
- 11. **MAINE MINIMUM TAX CREDIT (enclose Maine Minimum Tax Worksheet)** .....11 \_\_\_\_\_, \_\_\_\_\_ .00
- 12. **MEDIA PRODUCTION CREDIT (enclose worksheet-see instructions)** .....12 \_\_\_\_\_, \_\_\_\_\_ .00
- 13. **PINE TREE DEVELOPMENT ZONE CREDIT** - Enter the amount from the Credit Application Worksheet (**enclose worksheet-see instructions**) .....13 \_\_\_\_\_, \_\_\_\_\_ .00
- 14. **OTHER TAX CREDITS** - List \_\_\_\_\_ (**see instructions**) ....14 \_\_\_\_\_, \_\_\_\_\_ .00
- 15. **TOTAL CREDITS** - Add lines 4 through 14.....15 \_\_\_\_\_, \_\_\_\_\_ .00
- 16. **MAINE INCOME TAX** - 1041ME, page 1, line 4 plus Schedule A, line 1 above .....16 \_\_\_\_\_, \_\_\_\_\_ .00
- 17. **ALLOWABLE CREDITS** - Amount on line 15 or line 16, whichever is less .....17 \_\_\_\_\_, \_\_\_\_\_ .00
- 18. **TOTAL TAX ADJUSTMENTS** - Line 3 minus line 17 (may be positive or negative). Enter here and on Form 1041ME, page 1, line 5.....18 \_\_\_\_\_, \_\_\_\_\_ .00

# 2007

## INCOME SCHEDULE FOR NONRESIDENT ESTATES AND TRUSTS OR RESIDENT ESTATES AND TRUSTS WITH NONRESIDENT OR "SAFE HARBOR" RESIDENT BENEFICIARIES

## SCHEDULE NR FORM 1041ME

A copy of federal Form 1041 must be attached to this Schedule

Name as shown on Form 1041ME

Estate/Trust EIN

	A FEDERAL	B MAINE-SOURCE
<b>1. DISTRIBUTABLE NET INCOME (DNI):</b> <u>Column A:</u> Federal Form 1041, Schedule B, line 7 ..... 1 <u>Column B:</u> Maine-source portion of amount in Column A.		
<b>2. ESTATE/TRUST PORTION OF DNI:</b> Column A and Column B: Form 1041ME, Schedule 2, Column 3, line f. (Note: If less than zero, enter 0.0000. If greater than 100, enter 1.0000) ..... 2	_ . _ _ _ _ _	_ . _ _ _ _ _
<b>3.</b> Multiply line 1 by line 2. .... 3		
<b>4. BENEFICIARY PORTION OF DNI:</b> Subtract line 3 from line 1 (enter the result from Column B on Schedule 2, Column 6, line g). .... 4		
<b>5. NON-DISTRIBUTABLE NET INCOME:</b> <u>Column A:</u> Subtract federal Form 1041, line 19 and federal Form 1041, Schedule B, line 7 from federal Form 1041, line 17. <u>Column B:</u> Maine-source portion of amount in Column A (NOTE: Column B may be larger than the amount shown in column A). .... 5		
<b>6.</b> Add line 3 and line 5. .... 6		
<b>7. FIDUCIARY ADJUSTMENT:</b> <u>Column A:</u> Enter fiduciary portion of Form 1041ME, Schedule 1, line 3. <u>Column B:</u> Maine-source portion of amount in Column A. .... 7		
<b>8. EXEMPTION:</b> <u>Column B:</u> Federal Form 1041, line 20. .... 8		
<b>9. MAINE TAXABLE INCOME:</b> Line 6 plus or minus line 7 minus line 8. Also enter this amount on Form 1041ME, line 3. .... 9		

### GENERAL INSTRUCTIONS

(see page 16 for more information)

Schedule NR is used to determine the Maine taxable income of a nonresident estate or trust and the taxable income of nonresident and "safe harbor" resident beneficiaries of a resident estate or trust. Generally, Maine taxable income of a nonresident estate or trust is the Maine-source portion of its federal taxable income. The nonresident or "safe harbor" resident beneficiaries are taxed on their share of the Maine-source distributable net income. Resident beneficiaries are taxed on their entire share of the estate or trust income as though the estate or trust were resident.

- Step 1.** Complete Schedules 1 and 2 on Form 1041ME, page 2.
- Step 2.** Complete Schedule NR, lines 1-6. For lines 1 and 5, Column B, attach a schedule showing the calculation of Maine-source income.
- Step 3.** Complete Schedule NR, lines 7 through 9. Include on line 7, Column B, the net amount of Maine-source additions included on Schedule 1, line 1g and subtractions included on Schedule 1, line 2h that are related to the income shown on Schedule NR, line 6, Column B.
- Step 4.** Complete Form 1041ME, page 1.

**SCHEDULE A**  
**FORM 1041ME**  
**2007**

**ADJUSTMENTS TO TAX**  
Enclose with your Form 1041ME



Name as shown on Form 1041ME

Estate/Trust EIN

\_\_\_\_\_ - \_\_\_\_\_

**Section 1. TAX ADDITIONS:**

- 1. **RETIREMENT PLAN DISTRIBUTIONS** - Enter the amount from federal Form 1041, Schedule G, line 1b \$ \_\_\_\_\_ x .15.....1 \_\_\_\_\_, \_\_\_\_\_ .00
- 2a. Enter the Maine Minimum Tax from the Maine Minimum Tax Worksheet (see instructions on page 14)..... 2a \_\_\_\_\_, \_\_\_\_\_ .00
- 2b. Enter the amount of Pine Tree Development Zone Credit from the Credit Application Worksheet ..... 2b \_\_\_\_\_, \_\_\_\_\_ .00
- 2c. **MAINE MINIMUM TAX** - Subtract line 2b from line 2a.....2c \_\_\_\_\_, \_\_\_\_\_ .00
- 3. **TOTAL ADDITIONS** - Add lines 1 and 2c .....3 \_\_\_\_\_, \_\_\_\_\_ .00

**Section 2. TAX CREDITS (see instructions for details):**

- 4. **CREDIT FOR INCOME TAX PAID TO OTHER JURISDICTIONS** - From 1041ME, Schedule 3, line 5.....4 \_\_\_\_\_, \_\_\_\_\_ .00
- 5. **MAINE SEED CAPITAL CREDIT (enclose worksheet-see instructions)** .....5 \_\_\_\_\_, \_\_\_\_\_ .00
- 6. **EMPLOYER-ASSISTED DAY CARE CREDIT (enclose worksheet-see instructions)** .....6 \_\_\_\_\_, \_\_\_\_\_ .00
- 7. **FOREST MANAGEMENT PLANNING CREDIT** (supporting documentation **MUST** be included) .....7 \_\_\_\_\_, \_\_\_\_\_ .00
- 8. **RESEARCH EXPENSE TAX CREDIT (enclose worksheet-see instructions)** .....8 \_\_\_\_\_, \_\_\_\_\_ .00
- 9. **RESEARCH & DEVELOPMENT SUPER CREDIT (enclose worksheet-see instructions)** .....9 \_\_\_\_\_, \_\_\_\_\_ .00
- 10. **HIGH-TECHNOLOGY CREDIT (enclose worksheet-see instructions)** .....10 \_\_\_\_\_, \_\_\_\_\_ .00
- 11. **MAINE MINIMUM TAX CREDIT (enclose Maine Minimum Tax Worksheet)** .....11 \_\_\_\_\_, \_\_\_\_\_ .00
- 12. **MEDIA PRODUCTION CREDIT (enclose worksheet-see instructions)** .....12 \_\_\_\_\_, \_\_\_\_\_ .00
- 13. **PINE TREE DEVELOPMENT ZONE CREDIT** - Enter the amount from the Credit Application Worksheet (**enclose worksheet-see instructions**) .....13 \_\_\_\_\_, \_\_\_\_\_ .00
- 14. **OTHER TAX CREDITS** - List \_\_\_\_\_ (**see instructions**) ....14 \_\_\_\_\_, \_\_\_\_\_ .00
- 15. **TOTAL CREDITS** - Add lines 4 through 14.....15 \_\_\_\_\_, \_\_\_\_\_ .00
- 16. **MAINE INCOME TAX** - 1041ME, page 1, line 4 plus Schedule A, line 1 above .....16 \_\_\_\_\_, \_\_\_\_\_ .00
- 17. **ALLOWABLE CREDITS** - Amount on line 15 or line 16, whichever is less .....17 \_\_\_\_\_, \_\_\_\_\_ .00
- 18. **TOTAL TAX ADJUSTMENTS** - Line 3 minus line 17 (may be positive or negative). Enter here and on Form 1041ME, page 1, line 5.....18 \_\_\_\_\_, \_\_\_\_\_ .00

# 2007

## INCOME SCHEDULE FOR NONRESIDENT ESTATES AND TRUSTS OR RESIDENT ESTATES AND TRUSTS WITH NONRESIDENT OR "SAFE HARBOR" RESIDENT BENEFICIARIES

## SCHEDULE NR FORM 1041ME

A copy of federal Form 1041 must be attached to this Schedule

Name as shown on Form 1041ME

Estate/Trust EIN

	A FEDERAL	B MAINE-SOURCE
<b>1. DISTRIBUTABLE NET INCOME (DNI):</b> <u>Column A:</u> Federal Form 1041, Schedule B, line 7 ..... 1 <u>Column B:</u> Maine-source portion of amount in Column A.		
<b>2. ESTATE/TRUST PORTION OF DNI:</b> Column A and Column B: Form 1041ME, Schedule 2, Column 3, line f. (Note: If less than zero, enter 0.0000. If greater than 100, enter 1.0000) ..... 2	_ . _ _ _ _ _	_ . _ _ _ _ _
<b>3.</b> Multiply line 1 by line 2. .... 3		
<b>4. BENEFICIARY PORTION OF DNI:</b> Subtract line 3 from line 1 (enter the result from Column B on Schedule 2, Column 6, line g). .... 4		
<b>5. NON-DISTRIBUTABLE NET INCOME:</b> <u>Column A:</u> Subtract federal Form 1041, line 19 and federal Form 1041, Schedule B, line 7 from federal Form 1041, line 17. <u>Column B:</u> Maine-source portion of amount in Column A (NOTE: Column B may be larger than the amount shown in column A). .... 5		
<b>6.</b> Add line 3 and line 5. .... 6		
<b>7. FIDUCIARY ADJUSTMENT:</b> <u>Column A:</u> Enter fiduciary portion of Form 1041ME, Schedule 1, line 3. <u>Column B:</u> Maine-source portion of amount in Column A. .... 7		
<b>8. EXEMPTION:</b> <u>Column B:</u> Federal Form 1041, line 20. .... 8		
<b>9. MAINE TAXABLE INCOME:</b> Line 6 plus or minus line 7 minus line 8. Also enter this amount on Form 1041ME, line 3. .... 9		

### GENERAL INSTRUCTIONS

(see page 16 for more information)

Schedule NR is used to determine the Maine taxable income of a nonresident estate or trust and the taxable income of nonresident or "safe harbor" resident beneficiaries of a resident estate or trust. Generally, Maine taxable income of a nonresident estate or trust is the Maine-source portion of its federal taxable income. The nonresident or "safe harbor" resident beneficiaries are taxed on their share of the Maine-source distributable net income. Resident beneficiaries are taxed on their entire share of the estate or trust income as though the estate or trust were resident.

- Step 1.** Complete Schedules 1 and 2 on Form 1041ME, page 2.
- Step 2.** Complete Schedule NR, lines 1-6. For lines 1 and 5, Column B, attach a schedule showing the calculation of Maine-source income.
- Step 3.** Complete Schedule NR, lines 7 through 9. Include on line 7, Column B, the net amount of Maine-source additions included on Schedule 1, line 1g and subtractions included on Schedule 1, line 2h that are related to the income shown on Schedule NR, line 6, Column B.
- Step 4.** Complete Form 1041ME, page 1.

# GENERAL INSTRUCTIONS

## WHO MUST FILE

The fiduciary or trustee of a resident or nonresident estate or trust must file Form 1041ME if the estate or trust has any:

- Maine tax additions (see Maine Schedule A, Section 1);
- Maine taxable income; or
- Gross income greater than \$10,000 for the taxable year.

Gross income equals the amount on federal Form 1041, line 9. The Maine-source income of a nonresident estate or trust is determined on Schedule NR. A resident estate or trust with nonresident or "safe harbor" resident beneficiaries must also complete Schedule NR. See instructions for Schedule NR on pages 8 and 16. See page 4 of the *Maine individual income tax booklet for a description of nonresident and "Safe Harbor" resident statuses.*

**NOTE: Grantor Trusts and all Charitable Remainder Trusts are not required to file a Maine return.**

## FEDERAL RETURN REQUIRED

- A completed copy of federal Form 1041 must accompany the Maine nonresident return.
- If the federal taxable income (federal Form 1041, line 9) is greater than \$50,000, you must include pages 1 through 4 of the federal Form 1041 with Form 1041ME.

## DEFINITION OF RESIDENT AND NONRESIDENT ESTATE OR TRUST

Trusts registered with the Maine Probate Court under the provisions of 18-A M.R.S.A. § 7-101 are subject to Maine income tax as resident trusts. Otherwise, domicile of the decedent, grantor or settlor determines residency. Situs of the trust instrument, the property held in trust, the location of the trustees, the adoption of the laws of any state in the governing instrument are irrelevant for the purpose of determining residency.

A resident estate is the estate of a decedent who, at death, was domiciled in Maine. A resident testamentary trust is a trust which is created by the last will and testament of a decedent who, at death, was domiciled in Maine. Any estate or testamentary trust created by the will of a decedent who was not domiciled in the State of Maine at death shall be considered a nonresident estate or nonresident testamentary trust.

A resident irrevocable inter vivos trust is a trust which was created by or consisted of property of a person domiciled in Maine at the time it was funded. An irrevocable inter vivos trust will be classified as a nonresident trust if the creator of the trust is not domiciled in Maine when funded.

If the settlor of a revocable inter vivos trust is domiciled in Maine when the trust is created, the trust is considered a resident inter vivos trust until the settlor becomes domiciled in another state. A nonresident revocable inter vivos trust will become a resident trust if and when the creator of the trust becomes domiciled in Maine.

## QUALIFIED FUNERAL TRUST

If you meet the criteria of a qualified funeral trust at the federal level, you can file using the same status for Maine purposes. Check the box for "Qualified Funeral Trust" on page one of the return. For a combined return, attach a schedule listing for each beneficiary: Maine taxable income, Maine income tax, name, social security number and whether or not the beneficiary is a resident of Maine. Since each beneficiary is considered a separate trust, Maine income tax must be calculated separately for each beneficiary. The total tax for all beneficiaries is then entered on line 4 of Form 1041ME.

## BANKRUPTCY

For bankruptcy estates (chapter 7 or 11), use Form 1041ME as a transmittal for Form 1040ME. In the top margin of Form 1040ME,

write "attachment to Form 1041ME. DO NOT DETACH." Complete the name, address, and identification information at the top of Form 1041ME. Then complete Form 1040ME through line 23. Enter the amount from Form 1040ME, line 23 on line 4 of Form 1041ME, then follow the instructions for completing lines 5 - 10 on Form 1041ME.

## WHEN TO FILE

The due date is April 15, 2008. For fiscal year filers, the due date is the 15th day of the fourth month following the close of the taxable year.

## EXTENSIONS

A State of Maine extension request form is not required. If you are unable to file your return by the original due date of the return, Maine allows an automatic extension equal to any federal extension or 6 months, whichever is the longer period of time. **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. Any remaining tax must be paid when the return is filed by the extended due date in order to avoid the failure-to-pay penalty. Interest is charged on any tax paid after the original due date of the return.

Remit your extension payment with the payment voucher on page 16 by the original due date for filing your Maine return to: Maine Revenue Services, P.O. Box 9114, Augusta, ME 04332-9114.

## INTEREST AND PENALTIES

Interest will be added each month on overdue tax until the entire tax amount is paid. Beginning January 1, 2008, the interest rate is 12% per year, compounded monthly. In addition to interest, a penalty is assessed for late filing. A separate penalty is assessed for the late payment of tax. The penalty for late filing is \$25 or 10% of the tax due, whichever is greater. If a tax return is not filed upon demand, the penalty for late filing is 100% of the tax due. The penalty for late payment of the tax is 1% per month up to a maximum of 25%. Both penalties are assessed when the return is filed late and the tax is paid late. The law also provides for penalties for the underpayment of estimated tax, for preparing or filing a fraudulent income tax return, and for the understatement of income.

## WHOLE DOLLAR AMOUNTS

Show money items as whole dollar amounts. Drop any amount under 50 cents to the lower dollar amount and increase any amount 50 cents through 99 cents to the higher dollar amount.

## ACCOUNTING PERIODS AND METHODS

The accounting period and the method of accounting used are the same as those used for federal tax purposes (for more information, see instructions for federal Form 1041). If the taxable year or method of accounting is changed for federal income tax purposes, the change also applies to the Maine return.

## REPORT OF CHANGE IN MAINE TAXABLE INCOME

If the amount of the federal taxable income is changed or corrected by the Internal Revenue Service, or if the Maine tax liability changes for any other reason, the fiduciary must report the changes on an amended Maine return within 90 days after the final determination of the change. Any fiduciary filing an amended federal income tax return must also file an amended Maine return within 90 days. Failure to comply with these requirements could result in failure-to-file and failure-to-pay penalties. To file an amended return, use Form 1041ME for the year(s) you are amending and check the "amended return" box at the top of the form. **Attach a statement explaining the changes if applicable and a copy of your federal amended return or Internal Revenue agent's report to the Maine amended return.**

# GENERAL INSTRUCTIONS CONTINUED

## PAYMENT OF ESTIMATED TAX

Estates and trusts subject to Maine income tax are required to make installment payments of estimated tax if the estimated tax liability is \$1,000 or more. Generally, payments must be made in four equal installments due April 15, June 15, September 15, and January 15. Payments can be made electronically using Maine EZ Pay (no forms required) at [www.maine.gov/revenue](http://www.maine.gov/revenue) or download Form 1041ES-ME (and the instructions for Form 1040ES-ME) at [www.maine.gov/revenue/forms](http://www.maine.gov/revenue/forms) or call (207) 624-7894 to order the forms.

**Note: Maine's estate/trust estimated tax filing requirements differ from federal requirements in that Maine 1041 estimate payments must be made after the first year filing. 36 M.R.S.A. § 5228.**

## THIRD PARTY DESIGNEE

You may designate a third party to discuss your return with Maine Revenue Services by checking the "Yes" box on page 1 of Form 1041ME. Also enter the person's name, phone number, and any 5-digit number the person chooses as their personal identification number (PIN). Checking the "Yes" box will enable Maine Revenue Services to call the person you have chosen if there are any questions or if additional information is needed to process your return.

## SIGNATURE

Any person who prepares a taxpayer's return for compensation must also sign and enter his or her social security number or PTIN as assigned by the IRS. If the return is prepared by a firm or corporation, the federal identification number of the firm must also be listed.

## INFORMATION

MRS web site: [www.maine.gov/revenue](http://www.maine.gov/revenue) (including the most recent tax updates)

MAINE REVENUE SERVICES

PO BOX 9108

AUGUSTA, ME 04332-9108

ASSISTANCE: (207) 626-8475 MONDAY-FRIDAY, 8 A.M. - 5 P.M.

ORDER FORMS BY CALLING: (207) 624-7894

E-MAIL: [income.tax@maine.gov](mailto:income.tax@maine.gov)

**Tax Violations Hot Line:** (207) 624-9600 Call this number or send an e-mail to [compliance.tax@maine.gov](mailto:compliance.tax@maine.gov) to report possible tax violations including failure to file tax returns, failure to report all income, and failure to register for tax filing.

# SPECIFIC INSTRUCTIONS

(Please show negative income amounts on your form by placing a minus sign in the box to the left of the amount.)

(Nonresident estates and trusts and resident estates and trusts with nonresident or "safe harbor" resident beneficiaries, see instructions for Schedule NR on pages 8 and 16).

**Line 1. Federal Taxable Income - resident estates and trusts only.** Enter the amount of taxable income shown on federal Form 1041, the amount of unrelated business taxable income from federal Form 990-T and the taxable income of the S corporation portion of Electing Small Business Trusts (ESBT) (if applicable).

**Line 2. Fiduciary Adjustment - resident estates and trusts only.** The fiduciary adjustment is determined on Schedule 1 and allocated in accordance with Schedule 2 on page 2 of the form. If any of the income adjustments apply, complete these schedules before proceeding with page 1 of the form. Detailed instructions for the schedules follow.

**Line 4. Maine Income Tax.** Compute the tax on the amount shown on line 3 by using the following table:

TAX TABLE	
If the taxable income is:	The tax is:
Less than \$4,750	2.0% of the taxable income
\$4,750 but less than \$9,450	\$95 plus 4.5% of excess over \$4,750
\$9,450 but less than \$18,950	\$307 plus 7.0% of excess over \$9,450
\$18,950 or more	\$972 plus 8.5% of excess over \$18,950

This tax rate schedule is effective for tax years beginning in 2007.

**Line 7a. Maine Income Tax Withheld.** Enter the total amount of Maine income tax withheld. Enclose (do not staple or tape) supporting W-2 and 1099 forms. Only send 1099 forms if there is

State of Maine income tax withheld shown on them, unless otherwise required to send as supporting documentation for another schedule or worksheet. Legible photocopies of your W-2 forms and 1099 forms on 8 1/2 by 11 inch paper are preferred.

**Line 7b. 2007 Estimated Tax Payments, 2006 Overpayment Carried Forward and Extension Payments.** Enter the total amount of estimated taxes actually paid for 2007 and any 2006 credit carried forward. See general instructions above for further explanation of estimated payments. Also enter any extension payment made for this return.

**Nonresident estates or trusts** enter on this line amounts withheld in 2007 on the sale of real estate in Maine. Enclose a copy of Form REW-1 to support your entry.

**Line 8. Tax Balance Due.** Any balance of tax liability should be paid in full with the return. Remit your payment using Maine EZ Pay at [www.maine.gov/revenue](http://www.maine.gov/revenue) or mail a check payable to Treasurer, State of Maine with the return. Please write the federal estate or trust identification number on the check.

If the amount owed (line 6 minus line 7a) is \$1,000 or more, complete Form 2210ME and attach it to the return. If Form 2210ME shows a penalty amount due, enter it on line 8b and submit payment for the entire balance.

**Line 10a. Amount of Line 9 You Want Credited.** Use this block only if electing to have all or a portion of the overpayment on line 9 credited to next year's estimated tax.

## SCHEDULE 1 – FIDUCIARY ADJUSTMENT (Enter combined amounts for both the beneficiaries and the estate or trust).

**Line 1. ADDITIONS to federal taxable income.** Also include the taxpayer's distributive share of addition modification items from trusts, partnerships and S Corporations where applicable.

**Line 1a. Income from municipal and state bonds, other than Maine.** Enter the income from municipal and state bonds, other than Maine, that is not included in federal taxable income. For example, enter interest from City of New York bonds on this line. However, do not enter interest from Portland, Maine bonds.

**Line 1b. Net Operating Loss Recovery Adjustment.** Enter on this line any amount of federal net operating loss carry forward that has

been previously used to offset Maine addition modifications. Enter any amount of federal NOL carried back to this year (AMENDED returns only). For more information and examples, go to the MRS web site at [www.maine.gov/revenue/forms](http://www.maine.gov/revenue/forms) (select *Income Tax Guidance Documents*).

**Line 1c. Maine State Retirement Contributions.** Enter the amount of 2007 Maine State Retirement Contributions on this line. To calculate this amount, subtract federal wages from state wages appearing on the 2007 State of Maine W-2 form. These contributions are tax deferred for federal tax, but are subject to Maine income tax.

## SPECIFIC INSTRUCTIONS, continued

**Line 1d. Domestic Production Activities Deduction Add-back.** Enter the amount of federal domestic production activities deduction used to reduce federal taxable income.

**Line 1e. IRC §179 Expense Add-back.** Federal taxable income must be increased by the net effect of the increase in section 179 expense due to federal law changes enacted during and since 2003. The amount of this modification is determined by first recalculating the section 179 expense on federal Form 4562 exclusive of all section 179 expense increases. Enter on line 1e the difference between this recalculated section 179 expense amount and the original section 179 expense claimed for federal income tax purposes. **If the difference is less than zero, enter zero.** Enclose both the actual and pro forma versions of federal Form 4562 with the Maine return. Property expensed under the provisions of section 179 at the federal level cannot be capitalized for Maine purposes. For more information and examples go to the MRS web site at [www.maine.gov/revenue/forms](http://www.maine.gov/revenue/forms) (select *Income Tax Guidance Documents*).

**Line 1f. Other.** Enter on this line • the amount of loss, deductions, and other expenses of a financial institution subject to the Maine franchise tax that are included in federal taxable income due to an ownership interest in the financial institution that is a partnership, S corporation, or entity disregarded as separate from its owner • income taxes imposed by Maine or other states and interest or expenses incurred in the production of income exempt from Maine taxation deducted in arriving at federal taxable income • amounts claimed as a business expense for federal tax purposes that are included in the investment base for the high-technology investment tax credit • the amount deducted at the federal level for qualified tuition and other educational expenses under IRC § 222 • the administrative expense deduction claimed for federal fiduciary income tax purposes that is also used to determine the taxable estate in calculating the Maine estate tax • the estate's/trust's share of the fiduciary adjustment of another estate/trust – **additions only** (36 M.R.S.A. §§ 5122(3) and 5164). *List the source of each amount claimed in the space provided. Attach supporting documentation when claiming an amount on this line.*

**Line 2. SUBTRACTIONS from federal taxable income.** Also include the taxpayer's distributive share of subtraction modification items from trusts, partnerships and S Corporations where applicable.

**Line 2a. U.S. Government Bond Interest.** Enter income from direct obligations of the United States Government, such as Series EE and Series HH Savings bonds and U.S. Treasury bills and notes. Include on this line only the amount of interest included in federal taxable income.

**Line 2b. Social Security and Railroad Retirement Benefits included in Federal Taxable Income.** Social Security benefits issued by the U.S. Government and Railroad Retirement benefits (Tier 1 and Tier 2) issued by the U.S. Railroad Retirement Board are not taxed by Maine. Also, unemployment and sick benefits issued by the Railroad Retirement Board are not taxable to Maine. However, benefits issued by the Canadian Railroad Retirement Board are taxable to Maine.

**Line 2c. Interest from Maine Municipal General Obligation & Private Activity Bonds included in Federal Taxable Income.** There may be interest from Maine Municipal General Obligations and Private Activity Bonds included in federal taxable income. Interest from these bonds is exempt from Maine income tax. If interest of this type is included in federal taxable income, enter the amount on this line. You must include supporting documentation if greater than \$25,000.

**Line 2d. Maine State Retirement System Pick-Up Contributions.** Enter contributions paid that have been previously taxed by the state. Use this line only if the person retired after 1988 and received retirement benefits from the Maine State Retirement System in 2007. To calculate the amount for this line, subtract the state taxable gross amount from the federal taxable gross amount shown on the check stub of the last pension check received from the Maine State Retirement System in 2007 (if you have a Form 1099-R issued by the Maine State Retirement System, subtract the amount in box 12 from the amount in box 2a). Also enter on this line MSRS rollover amounts previously taxed by the state, whether or not included in federal taxable income.

**Line 2e. Federal Work Opportunity Credit/Empowerment Zone Credit Deduction.** Enter on this line the amount equal to the reduction in the salaries and wages deduction directly related to the federal Work Opportunity Credit or the federal Empowerment Zone Credit. These amounts are reported on federal Form 5884, line 2 or federal Form 8844, line 2. The amount from Form 8844 will also include wages related to the Renewal Community Credit.

**Line 2f. Bonus Depreciation/IRC § 179 Expense Recapture.** Amounts required to be added to income under 36 M.R.S.A. § 5122(1)(N) (36 M.R.S.A. § 5200-A(1)(N) with respect to individual owners of certain electing S corporations) may be recaptured over the life of the applicable asset. For property placed in service in 2002, addition modifications may be recaptured in equal amounts over the remaining life of the asset beginning in 2004. For assets placed in service after 2002, 5% of the addition modification is recaptured in the tax year immediately following the year the asset was placed in service, with the remaining 95% recovered in subsequent tax years, in equal installments, over the remaining life of the applicable asset. For more information and examples, visit [www.maine.gov/revenue/forms](http://www.maine.gov/revenue/forms) (select *Income Tax Guidance Documents*).

**Line 2g. Other Deductions.** *Enter ONLY items specifically listed. List the source of each amount claimed in the space provided and attach supporting documentation when claiming an amount on this line.* Except for net operating losses carried forward from previous tax years pursuant to 36 M.R.S.A. § 5122, enter only amounts included in federal taxable income. Enter on this line • military compensation received only by a nonresident servicemember • up to \$250, per beneficiary, of contributions made to a non-Maine qualified state tuition program (“529 college savings plan”) • Maine Lottery or Tri-State Lottery winnings received in 2007 won prior to January 1, 1987 • amounts received from a Holocaust victims settlement that are included in federal income (36 M.R.S.A. § 5122(2)(O)) • account proceeds from a Family Development Account administered by FAME (36 M.R.S.A. § 5216-C) • state income tax refunds • net operating losses carried forward from previous tax years pursuant to 36 M.R.S.A. § 5122(2)(H) or § 5122(2)(P) or, for individual owners of certain electing S corporations, net operating losses carried forward from previous tax years pursuant to § 5200-A(2)(H) & § 5200-A(2)(L) • earnings from fishing operations that were contributed to a capital construction fund • income from investments in the Northern Maine Transmission Corporation • the estate's/trust's share of a fiduciary adjustment – **subtractions only** (36 M.R.S.A. §§ 5122(3) and 5164) • interest income and capital gains from the sale of bonds issued relative to the Maine Waste Management & Recycling Program to the extent included in federal taxable income • all items of income, gain, interest, dividends, royalties, and other items of income of a financial institution subject to the Maine franchise tax that are included in federal taxable income due to an ownership interest in the financial institution that is a partnership, S corporation, or entity disregarded as separate from its owner • up to \$6,000 in pension income pursuant to 36 M.R.S.A. § 5122(2)(M) • expenses incurred in the production of income subject to Maine tax, but exempt from federal tax (an example is expenses related to the production of non-Maine municipal bond interest) • long-term care insurance premiums paid by the estate or trust that have not been claimed as an itemized deduction on the decedent's federal income tax return or as a federal adjustment by self-employed individuals • the total of capital gains and ordinary income resulting from depreciation recapture pursuant to Code sections 1245 and 1250 realized on the sale of multifamily affordable housing property certified by the Maine State Housing Authority. A copy of the MSHA certificate must be attached to the return.

**Line 3. Net Fiduciary Adjustment.** The shares of the beneficiaries and of the estate/trust in the Maine fiduciary adjustment are in proportion to their respective shares of federal distributable net income of the estate or trust. **Resident estates and trusts:** Multiply line 3 by the percentage on Schedule 2, Column 3, line f. Enter the result on page 1 of Form 1041ME, line 2. **Nonresident estates and trusts:** Multiply line 3 by Schedule 2, Column 3, line f. Enter the result on Form 1041ME, Schedule NR, line 7, Column A.

## SPECIFIC INSTRUCTIONS, continued

### SCHEDULE 2 – ALLOCATION OF FEDERAL INCOME AND MAINE-SOURCE INCOME

The purpose of this schedule is to show the distribution of federal distributable net income (DNI) and Maine-source income of nonresident and “safe harbor” resident beneficiaries. See page 4 of the *Maine individual income tax booklet* for a description of nonresident and “Safe Harbor” resident statuses. **ALL estates/trusts must complete Schedule 2.**

**Column 1.** Enter the name of each beneficiary of the estate or trust, including nonresident and “safe harbor” resident beneficiaries. Enter the estate/trust name on line f. If there are more than 5 beneficiaries, use a separate sheet of paper.

**Column 2.** Enter the respective shares of federal distributable net income of each beneficiary and of the estate/trust on the appropriate lines.

**Column 3.** Determine the percentage share for each beneficiary and for the estate/trust based on the amounts in column 2.

**Columns 4 and 5.** Enter the state of domicile and the social security number/EIN of each beneficiary of the estate or trust, including nonresident and “safe harbor” resident beneficiaries.

**Column 6. Nonresident estates or trusts** enter on line g, column 6, the amount from Schedule NR, line 4, column B. For lines a through e, allocate line g to the nonresident and “safe harbor” resident beneficiaries in proportion to their respective shares of

federal distributable net income. The income, as allocated, has the same character as it does for federal income tax purposes.

**Resident estates or trusts with nonresident and “Safe Harbor” resident beneficiaries** must complete a pro forma Schedule NR (as if the estate or trust were a nonresident estate or trust) in order to complete Column 6 of Schedule 2. Enter on Schedule 2, line g, Column 6 the amount from Schedule NR, line 4, Column B. Follow the instructions on pages 8 and 16 for completing Schedule NR. Attach a copy of the pro forma Schedule NR to the Maine income tax return for the estate or trust. Do not complete column 6 for resident beneficiaries (except “Safe Harbor” resident beneficiaries).

If the estate or trust has no federal distributable net income, the share of each beneficiary in the Maine-source income is in proportion to the beneficiary’s share of the estate or trust income for the taxable year, including that which is required by local law of the governing instrument to be distributed in such year. Any balance of the Maine-source income not allocable to beneficiaries shall be allocated to the estate or trust. If the shares in the Maine-source income are allocated in accordance with this paragraph, show the allocation in a schedule attached to the return.

### SCHEDULE 3 – CREDIT FOR INCOME TAX PAID TO ANOTHER JURISDICTION

Resident estates and trusts may claim a credit against Maine income tax for income tax paid to another jurisdiction if all the following conditions are met:

- (1) The other jurisdiction is another state, a political subdivision thereof, the District of Columbia, Canadian Province or any political subdivision of a foreign country that is like a state of the United States.
- (2) The tax paid to the other jurisdiction is directly related to the income received during the tax year covered by this return. Tax payments made to other taxing jurisdictions for prior year tax liabilities cannot be considered when computing this credit.
- (3) The income taxed by the other jurisdiction is derived from

sources in that jurisdiction determined in the same manner as Maine-source income is determined for nonresidents of Maine under 36 M.R.S.A. § 5142.

Line 4b is the income tax assessed by the other jurisdiction minus any tax credits (except withholding and estimated tax payments).

Complete a separate Schedule 3 for each jurisdiction to which taxes are paid and for which a credit is being claimed. Enclose a copy of each Schedule 3 completed. Add the credits together and enter the total on Schedule A, line 4. **Attach a copy of the income tax return filed with the other jurisdiction.**

### SCHEDULE A – MAINE TAX ADJUSTMENTS

#### SECTION 1 - TAX ADDITIONS:

**Line 1. RETIREMENT PLAN DISTRIBUTIONS.** If you choose to compute a separate federal tax on a lump-sum distribution from a retirement plan, you are subject to an additional Maine tax equal to 15% of the federal tax. **NOTE:** Distributions of Maine State Retirement System contributions previously taxed by Maine are not subject to this special tax.

**Line 2a. MAINE MINIMUM TAX.** If you exceed the following thresholds, you must complete a Maine Minimum Tax Worksheet to determine whether you owe Maine minimum tax (see instructions and supporting worksheets at [www.maine.gov/revenue/forms](http://www.maine.gov/revenue/forms) or order forms by calling (207) 624-7894):

- estates or trusts that have a federal alternative minimum taxable income on federal Form 1041, Schedule I, line 29.
- estates or trusts that do not have a federal alternative minimum taxable income on federal Form 1041, Schedule I, line 29 but do have Maine addition fiduciary adjustments (Maine Schedule 1, lines 1a through 1f), the total of which is greater than the minimum tax exemption amount on federal Form 1041, Schedule I, line 50 (\$22,500 reduced by 25% of federal alternative minimum taxable income that exceeds \$75,000).

\*Note: If you are not subject to the federal alternative minimum tax, you must complete a pro forma federal Form 1041, Schedule I in order to determine the amount of the federal alternative minimum taxable income on line 29.

**Line 2b. Pine Tree Development Zone Credit.** Complete and enclose the worksheet available at [www.maine.gov/revenue/forms](http://www.maine.gov/revenue/forms) or call (207) 624-7894.

#### SECTION 2 - TAX CREDITS:

An estate or trust is allowed a credit against the tax imposed by 36 M.R.S.A. § 5160 in an amount equal to the estate’s/trust’s share of tax credits described in 36 M.R.S.A. Chapter 822:

**Line 5. MAINE SEED CAPITAL 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 estate/trust must enclose a copy of the certificate when requesting a tax credit under this program. This credit is limited to 50% of the Maine income tax due. Carryover provisions and other limitations apply. More information is available at [www.famemaine.com/business/equityCapital\\_MaineSeedCapitalTax.asp](http://www.famemaine.com/business/equityCapital_MaineSeedCapitalTax.asp). 36 M.R.S.A. § 5216-B.

**Line 6. EMPLOYER-ASSISTED DAY-CARE TAX CREDIT.\*** An employer may claim a credit for providing day-care services for or paying day-care expenses of employees. This credit is limited to the lowest of \$5,000, 20 percent of the cost incurred, or \$100 per child enrolled on a full-time basis. It cannot exceed the Maine income tax due. The credit doubles if the child care provided is quality child care as defined by 36 M.R.S.A. § 5219-Q(1). Carryover provisions apply. 36 M.R.S.A. § 5217.

**Line 7. FOREST MANAGEMENT PLANNING CREDIT.** Once every 10 years an estate/trust is allowed a credit of up to \$200 for expenses incurred in developing a forest management and harvest plan for a parcel of forest land more than 10 acres and located in Maine. A professional forester who is not in the regular employ of the owner must prepare the plan. The estate/trust claiming the credit must attach to the Maine return a statement from the forester supporting the claim and a sworn statement that the credit has not been claimed in the previous 10 years. 36 M.R.S.A. § 5219-C.

## SCHEDULE A INSTRUCTIONS, continued

**Line 8. RESEARCH EXPENSE TAX CREDIT.\*** The credit equals 5% of qualified research expenses incurred during the taxable year that exceed the average qualified research expense for the previous three 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 tax liability of the taxpayer. In the case of corporations, 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.

**Line 9. RESEARCH & DEVELOPMENT SUPER CREDIT.\*** Businesses that increase research expenses by more than 50% over the average research expenses incurred in the 3 taxable years immediately preceding June 12, 1997 qualify for the credit. The credit is equal to the excess over 150% of the 3-year average. It is limited to 50% of the net income tax due after other credits and may not reduce the taxpayer's tax liability to less than the net tax liability in the preceding year after other credits. Carryover provisions apply. 36 M.R.S.A. § 5219-L.

**Line 10. HIGH-TECHNOLOGY CREDIT.\*** Businesses primarily engaged in high-tech activities and that **a)** lease, **b)** purchase and use, or **c)** purchase and lease computer equipment, electronic components and accessories, communications equipment or computer software placed in service in Maine and used in "high-technology activities" qualify. The credit is equal to the adjusted basis of eligible equipment for federal income tax purposes or the amount of lease payments made (by lessee) minus any lease payments received for the eligible equipment during the tax year. The reimbursement period for the Business Equipment Tax Reimbursement must be reduced one year for each tax year the eligible equipment is included in the basis for the High-Technology Credit. Also, Maine taxable income must be increased by the amount of the investment credit base also claimed as a business expense (including depreciation) for federal income tax purposes. In 2004, a change in the definition of qualified lessor was enacted by the legislature. A qualified lessor is now defined to require that: 1) the equipment being leased must be used primarily in a high technology activity; 2) the lessor derives no more than 1/3 of aggregate lease payments from the lease of eligible equipment and; 3) the lease qualifies as a lease for federal purposes under Revenue Procedure 2001-28. A qualified lessor may claim a high-technology credit with regards to leased equipment **only** if the lessee waives the right to claim the credit. Other limitations apply. Carryover provisions apply. 36 M.R.S.A. § 5219-M.

**Line 11. MAINE MINIMUM TAX CREDIT.** Complete the Maine minimum tax credit worksheet available at [www.maine.gov/revenue/forms](http://www.maine.gov/revenue/forms). 36 M.R.S.A. § 5203-A(5).

**Line 12. MEDIA PRODUCTION TAX CREDIT.\*** A media production company engaged in a media production that is certified by the Department of Economic and Community Development is allowed a nonrefundable credit equal to the tax on income related to the certified media production. Unused credit amounts may not be carried over to prior or future years. Businesses claiming the Pine Tree Development Zone tax credit are not eligible for this credit. Copies of the Media Production Certificate and the Media Production Wage Reimbursement and Tax Credit Certificate must be attached to your return. 36 M.R.S.A. § 5219-Y.

**Line 13. PINE TREE DEVELOPMENT ZONE TAX CREDIT.\*** A taxpayer engaged in the business of financial services, manufacturing or a targeted technology, as defined by 5 M.R.S.A. § 15301, that is located within a Pine Tree Development Zone may be eligible for this credit. Beginning in 2007, certain manufacturers located in Maine but outside a Pine Tree Development Zone may be eligible for this credit. To be eligible, the taxpayer must add new, full-time jobs that meet certain wage requirements and offer the new employees retirement and health care benefits. Application for certification must be submitted to the Department of Economic and Community Development. The credit is equal to 100% of the income tax liability associated with qualified activity for each of the first five years the qualified business is required to file an income tax return with Maine. The credit is 50% of the Maine tax liability for each of the second five years the business is required to file an income tax return with Maine. For further information, instructions and forms, see the MRS web site at [www.maine.gov/revenue/forms](http://www.maine.gov/revenue/forms). 36 M.R.S.A. § 5219-W.

**Line 14. OTHER TAX CREDITS.** Enter on this line the sum of the following credits:

• **BIOFUEL PRODUCTION TAX CREDIT.\*** A taxpayer is allowed a credit for the production of biofuel equal to 5¢ per gallon of biofuel produced. Biofuel means "any liquid or gaseous product or energy source . . . that is derived from agricultural crops or residues or from forest products or byproducts, as distinct from petroleum or other fossil carbon sources." The credit cannot reduce tax liability below zero, but unused amounts can be carried forward for up to ten taxable years. The taxpayer must obtain certification from the Maine Department of Environmental Protection as to the biofuel eligible for the credit. 36 M.R.S.A. § 5219-X.

• **CLEAN FUEL CREDIT.\*** The credit equals 25% of expenditures made or incurred during the tax year for construction, installation of, or improvements to any filling station or charging station in Maine for the purpose of providing clean fuels to the general public for use in motor vehicles. The credit automatically expires for tax years ending after December 31, 2008. 36 M.R.S.A. § 5219-P.

• **CREDIT FOR DEPENDENT HEALTH BENEFITS PAID.\*** Employers that offer a qualified health benefit plan and that employ fewer than 5 employees may qualify for a credit 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. The credit is limited to 50% of the income tax due. The credit is subject to additional restrictions. Carryover provisions apply. 36 M.R.S.A. § 5219-O.

• **EMPLOYER-PROVIDED LONG-TERM CARE CREDIT.\*** An employer may claim a credit for expenses incurred in providing long-term care policy coverage as part of an employee benefit package. To qualify, the insurance policy on which the premiums are paid must be certified by the Maine Bureau of Insurance or the policy must meet the federal definition for a long-term care insurance contract (IRC § 7702-B(b)). The credit is limited to the lowest of \$5,000, 20 percent of the cost incurred, or \$100 per employee covered. 36 M.R.S.A. § 5217-C.

• **FAMILY DEVELOPMENT ACCOUNT CREDIT.\*** This credit is available to contributors to family development matching fund accounts. The Finance Authority of Maine certifies the allowable credit for each contributor. A copy of the certificate must be attached to the return. The credit is nonrefundable and must be taken after all other credits. Amounts claimed may not be claimed as itemized deductions for Maine purposes. Other limitations apply. 36 M.R.S.A. § 5216-C.

• **HISTORIC REHABILITATION CREDIT.\*** The credit is equal to the amount of the federal credit 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 Internal Revenue Code. 36 M.R.S.A. § 5219-R(1).

• **JOBS AND INVESTMENT TAX CREDIT.\*** A taxpayer, other than a public utility, may claim a tax credit for qualified jobs and investment subject to limitations. Eligibility for the credit requires the addition of **1)** \$5 million of IRC § 38 property based on the Internal Revenue Code of 1954, as of December 31, 1985, § 38(b)(1), **and 2)** 100 new employees attributable to the investment in Maine during the 24 months after placing the property in service. This credit is limited to \$500,000 or the Maine income tax due, whichever is less. 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. Carryover provisions apply. 36 M.R.S.A. § 5215.

• **CREDIT FOR POLLUTION CONTROL BOILERS.\*** A qualified business is allowed a credit of 1.5¢ per kilowatt-hour (or equivalent) produced by a pollution reducing boiler. The credit may not reduce the taxpayer's income tax liability below zero, but unused credit amounts may be carried over until exhausted. Eligible businesses and boilers must be certified by the Department of Environmental Protection. The credit is repealed December 31, 2009. 36 M.R.S.A. § 5219-Z.

• **QUALITY CHILD-CARE INVESTMENT TAX CREDIT.\***

## SCHEDULE A INSTRUCTIONS, continued

Corporations and partnerships making certified quality child-care investments qualify for a credit equal to 30% of up to \$30,000 of eligible expenditures. Individual taxpayers making certified quality child care investments of no less than \$10,000 qualify for a credit equal to \$1,000 each year for 10 years, plus \$10,000 at the end of the 10-year period. The credit is nonrefundable; however, unused credit amounts may be carried forward until exhausted. The Maine Department of Health and Human Services ("DHHS"), Office of Child Care and Head Start certifies eligible investments.

Attach a copy of the certificate when claiming this credit. For questions about quality child care and the certification process, call DHHS, Office of Child Care and Head Start at (207) 287-5099.

• **WIND POWER GENERATOR CREDIT.\*** A community wind power generator that is certified by the Public Utilities Commission is

entitled to an income tax credit for ten consecutive years following the commencement of operation. The credit is equal to the tax associated with the taxable income of the wind power generator. Qualified generators may also be eligible for sales tax exemptions and/or reimbursements. Effective August 23, 2006.

**Line 17. ALLOWABLE CREDITS.** These credits are not refundable. The credits, except for the Pine Tree Development Zone Tax Credit, cannot be applied against the Maine Minimum Tax. The total credits claimed cannot exceed the Maine regular income tax otherwise due for the taxable year.

\***Complete the worksheets at [www.maine.gov/revenue/forms](http://www.maine.gov/revenue/forms) when claiming any of these credits. Attach the worksheet(s) to the Maine return.**

## SCHEDULE NR INSTRUCTIONS

A **nonresident** estate/trust is subject to Maine income tax only on income derived from sources within Maine. See 36 M.R.S.A. § 5142 (nonresident taxable income) and MRS Rule No. 806 (nonresident individual income tax). This includes the following:

1. Salaries and wages earned working in Maine, including all taxable benefits such as annual and sick leave;
2. Distributive share of income (loss) from partnerships and S Corporations operating in Maine;
3. Shares of estate and trust income derived from Maine sources;
4. Income (loss) attributed to the ownership or disposition of real or tangible personal property in Maine;
5. Maine-source gain (or loss) from sale of a partnership interest. **NOTE:** To determine the gain or loss from the sale of a partnership interest attributable to Maine, divide the original cost of all tangible property of the partnership located in Maine by tangible property everywhere. Tangible property includes real estate, inventory and equipment. If you don't know these amounts, contact the partnership. If more than 50% of the partnership's assets consist of intangibles, the gain (or loss) is allocated to Maine based on the sales factor of the partnership. Divide the sales in Maine for the last full tax year of the partnership preceding the year of sale by the total sales

for that same year. Multiply the result by the gain or loss on the sale of the partnership interest reported on the federal return. "Sales" for purposes of computing the sales factor are defined in Rule No. 801(.08); and

6. Maine State Lottery or Tri-State Lottery winnings from tickets purchased within Maine on or after July 13, 1993, including payments received from third parties for the transfer of rights to future proceeds related to Maine State Lottery or Tri-state Lotto tickets purchased in Maine plus all other income from gambling activity conducted in Maine on or after June 29, 2005.

Except for #5 above, income from intangible sources, such as interest, dividends, pensions, annuities, gains or losses attributable to intangible personal property, is not Maine-source income **unless** it is attributable to a business, trade, profession or occupation carried on in Maine.

**NOTE:** Resident estates or trusts with nonresident or "Safe Harbor" resident beneficiaries must complete a pro forma Schedule NR (as if the estate or trust were a nonresident estate or trust) in order to complete Column 6 of Schedule 2. Enter on Schedule 2, line g, Column 6 the amount from Schedule NR, line 4, Column B. Attach a copy of the pro forma Schedule NR to the Maine income tax return for the estate or trust.

See Form 1041ME, Schedule NR for specific instructions.

**NOTE: Use the form below only if you are making a payment and filing Form 1041ME on extension.**

**2007  
1041ME-EXT**

### STATE OF MAINE EXTENSION PAYMENT VOUCHER for FIDUCIARY INCOME TAX



Pay *electronically* using **Maine EZ Pay** at [www.maine.gov/revenue](http://www.maine.gov/revenue) and eliminate the need to file 1041ME-EXT or mail this completed form to make your extension payment.

Please Type or Print

NAME OF ESTATE OR TRUST	ESTATE/TRUST EIN
NAME AND TITLE OF FIDUCIARY OR TRUSTEE	FIDUCIARY SSN OR EIN (do not enter / or -)
ADDRESS OF FIDUCIARY (NUMBER and STREET)	AMOUNT OF PAYMENT
CITY STATE ZIP CODE	\$

**NOTE: Write your EIN or social security number on your check.**



Detach this voucher and mail with check or money order payable to "TREASURER, STATE OF MAINE" to: Maine Revenue Services, P.O. Box 9114, Augusta, ME 04332-9114.