



MAINE FORM 1120B-ME

2000 FRANCHISE TAX Instructions

All financial institutions with Maine net income or Maine assets are subject to Maine's franchise tax, even if the institution is established as a partnership, S corporation or entity disregarded as separate from its owner. Owners of financial institutions subject to franchise tax requirements will not also be taxed on that income for individual or corporate purposes.

IMPORTANT CHANGES

MAINE ADOPTS AUTOMATIC PAPERLESS EXTENSION POLICY. Maine extension request Form 4477ME has been eliminated. The Maine corporate extension period for filing the return is equal to the federal extension period plus 30 days. This extension is automatic and no form or written request is required to obtain it. (For more information, see item 3 on page 2).

For **DOWNLOADABLE FORMS**, visit our Web site: <http://janus.state.me.us/revenue>

MUTUAL FUND SERVICE PROVIDERS: APPORTIONMENT OF INCOME. Mutual fund service providers may elect to apportion income to Maine using a sales-only formula. Under current law, taxable corporations (excluding financial institutions) apportion income to Maine on the basis of property, payroll and sales. An election by a mutual fund service provider is irrevocable for 5 years. In the case of unitary businesses, the electing service provider is not required to file combined reports or to be included in a combined report. **This election is not available to financial institutions** taxable under the Maine Franchise Tax law. Applies to tax years beginning on or after January 1, 2001. 36 M.R.S.A. § 5212.

DEFINITION OF "CORPORATION." The definition of corporation is clarified to exclude federally taxable corporations subject to, or "that would be subject to," the insurance premiums tax imposed by 36 M.R.S.A. §§ 2512-2526. The definition of corporation also excludes financial institutions subject to the Maine Franchise Tax and certain corporate small business investment companies. Effective April 14, 2000. 36 M.R.S.A. § 5102(6).

FAMILY DEVELOPMENT ACCOUNT CREDIT. Individuals whose family income is below 200% of the poverty level may open a family development account in connection with an approved community development organization. Use of the funds includes educational expenses, home and auto purchases or repairs, emergency expenses for basic needs, capital to start a business, and health care costs. Accounts are funded by deposits made by family members participating in the program and matching funds from community development organizations. Deposits to the fund are not exempt from tax; however, withdrawals (both principal and interest) are exempt from Maine income tax. 10 M.R.S.A. § 1077(4).

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

EMPLOYER-PROVIDED LONG-TERM CARE CREDIT. For tax years beginning on or after January 1, 2000, employers are eligible for the Employer-Provided Long-Term Care credit if the policy on which premiums are paid meets the federal definition of a qualified long-term care insurance contract. Premiums paid on long-term care insurance policies previously certified by the Bureau of Insurance as being eligible for this credit will continue to be eligible even if the policy does not meet the federal definition for a qualified long-term care insurance contract. Premiums claimed as Maine itemized deductions may not be used as a basis for this credit. 36 M.R.S.A. § 5217-C.

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

APPORTIONMENT: VALUATION OF RENTAL PROPERTY. The value of rental property for purposes of apportioning income to Maine is now 8 times the annual rental rate paid by the taxpayer. Previously, the value of rental property was 8 times the net annual rental rate paid by the taxpayer, taking into consideration rent received from sub-rentals. Effective April 14, 2000 and applies to all open tax periods. 36 M.R.S.A. § 5211(10).

SAWMILL BIOMASS CREDIT. A taxpayer that produces merchantable lumber or secondary wood products may claim a credit of up to \$6 per ton of the wood processing residue by-product (bark, sawdust, shavings and wood chips) that is transported to a qualifying facility. A qualifying facility is one that uses the residue to generate electricity, industrial heat or steam; for landscaping mulch or soil amendment (but not for landfill); for composting of sewer sludge; to create medium density fiberboard, resin adhesives or other building products; or, to convert the wood by-product to ethanol or other forms of fuel. A taxpayer that includes, owns or is affiliated with a qualifying facility is not eligible for the credit. The allowable credit is determined by the number of miles the wood processing residue is transported by the taxpayer to a qualifying facility. The credit amount must be reduced by amounts received for the wood processing residue. The credit is limited to the tax liability of the taxpayer and may not exceed \$500,000 in the aggregate for all

taxpayers. The credit applies to deliveries made from July 1, 2000 to June 30, 2001. 36 M.R.S.A. § 5219-S. **Call 207-624-7894 to request a sawmill biomass credit application.**

MAINE SEED CAPITAL CREDIT. The credit amount increases from 30% to 40% for credit certificates issued prior to July 1, 2001 for investments made after August 11, 2000. The new law clarifies that the owners of flow-through entities (partnerships, S corps, LLCs, nontaxable trusts, etc.) are considered the investors for investments made by the flow-through entity in private venture capital funds. Credit certificates are subject to certain eligibility requirements. 36 M.R.S.A. § 5216-B (2).

QUALITY CHILD CARE CREDITS. The Employer-Assisted Day Care Credit (36 M.R.S.A. § 5217) and the Individual Credit for Child Care Expenses (36 M.R.S.A. § 5218) double if the day care provided constitutes “quality child care” as defined in 36 M.R.S.A. 5219-Q(1). For quality child care services, the Individual Credit for Child Care Expenses is refundable up to \$500. Additionally, individual taxpayers who invest at least \$10,000 in quality child care services qualify for the Quality Child Care Investment Credit (36 M.R.S.A. § 5219-Q). The credit is equal to \$1,000 each year for 10 years plus \$10,000 at the end of the 10-year period. Corporation taxpayers qualify for a credit equal to 30% of up to \$30,000 in eligible expenditures. The credit is nonrefundable. Carryforward provisions apply. Applies to tax years beginning on or after January 1, 2001,

OVERPAYMENTS CREDITED TO FUTURE TAX YEARS. Effective January 1, 2001, Maine Revenue Services will offset tax overpayments designated to be carried forward in order to satisfy an existing debt with the bureau or other agency.

MAINE SALES AND USE TAX. Taxable items bought from out-of-state sellers that do not collect Maine sales tax are subject to a “use” tax. For purchases between January 1, 2000 and June 30, 2000, the use tax equals 5.5% of the purchase price where no sales tax has been paid. Beginning July 1, 2000 the applicable use tax rate is lowered to 5%.

GENERAL INSTRUCTIONS

1. FINANCIAL INSTITUTIONS SUBJECT TO FRANCHISE TAX:

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

2. DATE FOR FILING RETURN: Financial institutions reporting for calendar year 2000 are required to file with payment on or before March 15, 2001. Fiscal year taxpayers should file with payment on or before the 15th day of the third month following the close of the taxable year.

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

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

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

5. INTEREST: Interest at 9% per annum, compounded monthly, will be added to any balance of tax due from the due date of payment and should be included with any payments.

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

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

For failure to pay a tax liability timely, the penalty is 1% of the outstanding tax liability for each month the payment is delinquent, up to a maximum of 25% of the outstanding liability. You must pay at least 90% of your tax liability by the due date for filing your return (**March 15, 2001** for calendar-year filers) in order to avoid the penalty for late payment of tax.

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

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

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

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

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

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

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

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

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

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

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

12. SCHEDULE CBB: Any financial institution that is part of an affiliated group is required to file Schedule CBB.

SPECIFIC INSTRUCTIONS

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

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

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

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

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

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

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

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

Line 4e. Other Credits: Following is a list of allowable tax credits. Enter the total amount being claimed on line 4e and attach a schedule of support-

ing detail. **Note:** The total amount claimed cannot exceed the tax amount on line 3c.

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

Seed Capital Investment Tax Credit: The Finance Authority of Maine (FAME) administers this program. FAME issues a tax credit certificate after verifying the eligibility of the investor. The taxpayer must enclose a copy of this certificate with Form 1120B-ME when requesting a tax credit under this program. The credit is limited to 50% of franchise tax otherwise due. The credit amount increases from 30% to 40% for credit certificates issued prior to July 1, 2001 for investments made after August 11, 2000. The new law clarifies that the owners of flow-through entities (partnerships, S corps, LLCs, nontaxable trusts, etc.) are considered the investors for investments made by the flow-through entity in private venture capital funds. Credit certificates are subject to certain eligibility requirements. 36 M.R.S.A. § 5216-B).

Employer-Assisted Day Care Tax Credit: A taxpayer constituting an employing unit is allowed a credit for providing or paying day care expenses of employees. The tax credit is limited to the lowest of \$5,000, 20% of the cost incurred or \$100 for each child of an employee of the taxpayer enrolled on a full-time basis. Carryover provisions apply. 36 M.R.S.A. § 5217.

Employer-Provided Long-Term Care Benefits Credit: A taxpayer constituting an employing unit is allowed a credit against tax for providing employees with long-term care insurance coverage. The tax credit is limited to the lowest of \$5,000, 20% of the costs incurred or \$100 for each employee provided with a long-term care policy. Carryover provisions apply. For tax years beginning on or after January 1, 2000, employers are eligible for the employer-provided long-term care credit if the policy on which premiums are paid meets the federal definition of a qualified long-term care insurance contract. Premiums paid on long-term care insurance policies previously certified by the Bureau of Insurance as being eligible for this credit will continue to be eligible even if the policy does not meet the federal definition for a qualified long-term care insurance contract. 36 M.R.S.A. § 5217-C).

Solid Waste Reduction Investment Tax Credit: Taxpayers can claim a credit on solid waste reduction, reuse or recycling machinery and equipment certified as eligible for the credit by the State Planning Office. The credit is the amount certified by the State Planning Office and applies to machinery

SPECIFIC INSTRUCTIONS CONTINUED

and equipment placed into service from January 1, 1990 to June 30, 1991 or January 1, 1993 to June 30, 1995. Carryover of any unused credit must be used by December 31, 2004. The taxpayer must attach a copy of the eligibility certificate in order to claim the credit. Recapture provisions apply on the early disposal of machinery and equipment for which a credit has been claimed. 36 M.R.S.A. § 5219-D.

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

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

Super Research & Development Credit: Businesses whose Maine research expenses increase by more than 50% over the average research expenses incurred in the 3 years immediately preceding the effective date of the credit qualify for the credit. The credit is equal to the excess over 150% of the 3-year average. The credit is limited to 50% of the net income tax due after other credits and may not reduce the tax liability below the liability of the previous year. Maine net income must be increased by the amount of the investment credit base also claimed as a business expense for federal income tax purposes. Carryover provisions apply. **The credit applies to tax years beginning on or after January 1, 1998.** 36 M.R.S.A. § 5219-L.

High-Technology Investment Tax Credit: Entities engaged primarily in high-tech activities are eligible for this credit. The credit is equal to the adjusted basis of eligible equipment on the date that equipment is placed in service in Maine, net of any lease payments received during the year. Lessors may claim the credit only if the lessee waives its entitlement to the credit. The credit may not reduce current year's tax liability below the liability of the previous year after the allowance of all other credits. Carryover provisions apply. **The credit applies to tax years beginning on or after January 1, 1998.** 36 M.R.S.A. § 5219-M.

Credit for Dependent Health Benefits Paid: Employers that offer a qualified health benefit plan and that employ fewer than 5 low-income employees may qualify for this credit. The credit is equal to the lesser of 20% of the dependent health benefits paid by the employer or \$125 per employee with dependent health benefits coverage. A taxpayer that employs 5 or more low-income employees after qualifying for the credit may continue to qualify for the credit for another 2 years. Otherwise, a taxpayer may claim a credit only for those periods during which the employer: 1) offers a qualified health benefit plan that is made available to all of its low-income employees; 2) pays at least 80% of the health insurance costs for each low-income employee under the plan; and 3) pays at least 60% of the cost of dependent health insurance benefits for children under 19 who are dependents of a low-income employee under the plan. The credit is limited to 50% of the income tax due. Any unused credit may be carried over for 2 years. **The credit applies to tax years beginning on or after January 1, 1999.** 36 M.R.S.A. § 5219-O.

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

Family Development Account Credit: Individuals whose family income is below 200% of the poverty level may open a family development account in connection with an approved community development organization. Use of the funds includes educational expenses, home and auto purchases or repairs, emergency expenses for basic needs, capital to start a business, and health care costs. Accounts are funded by deposits made by family members participating in the program and matching funds from community development organizations. Deposits to the fund are not exempt from tax; however, withdrawals (both principal and interest) are exempt from Maine income tax. 10 M.R.S.A. § 1077(4).

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

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

Sawmill Biomass Credit: **This credit may not be claimed on line 4e. Call 207-624-7894 to request a sawmill biomass credit application.** A taxpayer that produces merchantable lumber or secondary wood products may claim a credit of up to \$6 per ton of the wood processing residue by-product (bark, sawdust, shavings and wood chips) that is transported to a qualifying facility. A qualifying facility is one that uses the residue to generate electricity, industrial heat or steam; for landscaping mulch or soil amendment (but not for landfill); for composting of sewer sludge; to create medium density fiberboard, resin adhesives or other building products; or, to convert the wood by-product to ethanol or other forms of fuel. A taxpayer that includes, owns or is affiliated with a qualifying facility is not eligible for the credit. The allowable credit is determined by the number of miles the wood processing residue is transported by the taxpayer to a qualifying facility. The credit amount must be reduced by amounts received for the wood processing residue. The credit is limited to the tax liability of the taxpayer and may not exceed \$500,000 in the aggregate for all taxpayers. The credit applies to deliveries made from July 1, 2000 to June 30, 2001. 36 M.R.S.A. § 5219-S.

Line 5b. Underpayment Penalty: If the financial institution underpaid estimated tax, attach Form 2220ME.

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

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



2000

MAINE FRANCHISE TAX RETURN FOR FINANCIAL INSTITUTIONS

000841000

For calendar year 2000 or tax year beginning in 2000

000840000

00 TO MM DD MM DD YY

Check here if amended

FORM 1120B-ME

Name, Federal Employer ID No., Address, Business Code, State of Incorporation, City, State, ZIP Code, Contact Person First Name, Last Name, Phone Number, Check Here if Combined Return and Include Schedule CBB, Parent's Federal Employer ID No., Principal Place of Activity in Maine, City where Records are Maintained, State

Table with 5 main sections: 1. MAINE NET INCOME, 2. ASSETS, 3. TAX, 4. CREDITS, 5. PAYMENT. Each row includes a description, a line number, a grid for digits, and a value (e.g., .00).

Return continued on page 2

000841100
000841100

- 6. OVERPAYMENT: If line 4f, page 1 is greater than line 3c, page 1, enter overpayment
7. Amount on line 6 to be:
a. CREDITED to Next Year's Estimated Tax
b. REFUNDED

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

DATE SIGNATURE OF OFFICER TITLE

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

SCHEDULE A - APPORTIONMENT OF INCOME

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

Table with 3 columns: (A) Within Maine, (B) Everywhere, (C) Maine Factors. Rows include: 8. GROSS RECEIPTS, 9. PAYROLL, 10. TOTAL PROPERTY, 11. MAINE APPORTIONMENT FACTOR, 12. NET INCOME PER BOOKS, 13. INCOME APPORTIONED TO MAINE, 14. TOTAL END OF YEAR ASSETS, 15. ASSETS APPORTIONED TO MAINE.

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

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

GENERAL INSTRUCTIONS

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

SPECIFIC INSTRUCTIONS:

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

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

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

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