FORM 1120B-ME

MAINE

2002 FRANCHISE TAX Instructions

IMPORTANT CHANGES

LONG-TERM CARE INSURANCE. 36 M.R.S.A. § 5217-C. The definition of a qualified long-term care insurance policy is expanded for purposes of the credit for employer-provided long-term care insurance benefits. Qualified policies now include, in addition to policies that meet the federal definition of a qualified long-term insurance contract, policies certified by the Maine Bureau of Insurance that do not meet the federal definition for a qualified long-term care insurance contract under the Internal Revenue Code. Previously, only policies meeting the federal definition for a qualified long-term care insurance contract qualified for the tax benefits. Applies to tax years beginning on or after January 1, 2002. *See* P.L. 2001, c.679.

APPORTIONMENT FACTOR: PAYROLL FOR LEASED AND TEMPORARY EMPLOYEES. 36 M.R.S.A. § 5206-E. The payroll factor for the apportionment calculation must now include 85% of amounts paid to an employee-leasing company for leased employees and 100% of amounts paid for temporary employees. Employee-leasing companies and temporary services companies will exclude from the payroll factor compensation paid to leased or temporary employees who are providing personal services for client companies. However, amounts received for leased or temporary employees must still be included in the sales factor calculation. Applies to tax years beginning on or after January 1, 2002. *See* P.L. 2001, c. 439, Pt. D.

HISTORIC REHABILITATION CREDIT. 36 M.R.S.A. § 5219-R. Clarifies that only expenditures for rehabilitation of certified historic properties incurred after December 31, 1999 qualify for the credit. This means that federal carryovers from years prior to 2000 cannot be used for Maine purposes. Applies to tax years beginning on or after January 1, 2001. *See* P.L. 2001, c.526.

SEED CAPITAL TAX CREDIT. 36 M.R.S.A. § 5216-B. The amount of the Maine Seed Capital Tax Credit certificate available to investors is 40% of investments in qualified businesses. For investments in eligible businesses that are located in high-unemployment areas as determined by the Finance Authority of Maine ("FAME"), the credit percentage increases to 60% of investment. The credit is also expanded by increasing the eligible aggregate investment in any one business or for any private venture capital fund from $1,000,000 to $5,000,000 and increasing the aggregate investment made by an individual in any one business or any one business invested in by a private venture capital fund in any three consecutive calendar years from $200,000 to $500,000. In addition, the total aggregate investment eligible for tax credit certificates is increased as follows: up to and including calendar year 2002, from $10,000,000 to $11,000,000; up to and including calendar year 2003, from $11,000,000 to $14,000,000; up to and including calendar year 2004, from $12,000,000 to $17,000,000; up to and including calendar year 2005, the limit is $20,000,000; up to and including calendar year 2006, the limit is $23,000,000; up to and including calendar year 2007, the limit is $26,000,000; and thereafter, the limit is $30,000,000. The rate at which the credit must be claimed on the Maine income tax return of the investor is accelerated from 15% each year for six years and 10% in the seventh year to 25% in each year for four years beginning with the taxable year the investment is made. The credit program is added to the items included in the list of economic development incentives (5 M.R.S.A. § 13070-J), requiring businesses with eligible investors to submit a report to FAME disclosing investment, employment, payroll and sales. Annually, the Department of Economic and Community Development must report aggregate information regarding the credit to the legislature, using information provided by FAME. Changes in determining credit amounts apply to credit certificates issued on or after July 1, 2002 for investments made on or after July 1, 2002. *See* P.L. 2001, c. 642.

APPEAL OF TAX ASSESSMENT. 36 M.R.S.A. § 151. A taxpayer that fails to request reconsideration of a tax assessment within 30 days of receipt is barred from later requesting reconsideration of, or submitting appeal in Superior Court relating to, that assessment even if the taxpayer subsequently pays the assessment and then requests a refund. Effective April 1, 2002. *See* P.L. 2001, c.583, Sec. 1.

Printed under Appropriation 010.18F.0002.07

IMPORTANT CHANGES continued

TIMELY FILED RETURNS. 36 M.R.S.A. § 153. Currently, the US Postal Service postmark is used to determine whether a tax return or payment is timely filed or paid. The law now extends the application of the postmark date rule to other delivery service providers designated by the US Treasury Secretary in accordance with the Internal Revenue Code. To-date, these include Airborne Express, DHL Worldwide Express, Federal Express, and United Parcel Service. Effective April 1, 2002. *See* P.L. 2001, c.583, Sec. 2.

LIABILITY OF PURCHASER. 36 M.R.S.A. § 177(6). A person who acquires a business, or the stock in trade of a business, is required to withhold from the purchase price any unpaid Maine "trust fund" taxes (sales tax, use tax, gasoline tax, special fuel tax, recycling assistance fees and income tax withholding). The purchaser's liability, however, is limited to the amount of the purchase price. The State Tax Assessor may issue an assessment against the buyer for unpaid trust fund taxes within six years from the date of the sale. Effective April 1, 2002. *See* P.L. 2001, c.583, Sec. 7.

INTEREST RATE. 36 M.R.S.A. § 186. Prior law tied the rate of interest applicable to tax overpayments or underpayments to the interest charged by Maine banks on commercial unsecured loans. Starting in 2003, the rate of interest for any calendar year equals the highest prime rate as published in the Wall Street Journal on September 1 of the preceding calendar year, or if that day falls on a holiday or weekend, the next succeeding business day, rounded up to the next whole percent plus 2 percentage points. Effective January 1, 2003. *See* P.L. 2001, c.583, Sections 9 and 24.

GENERAL INSTRUCTIONS

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

2. DATE FOR FILING RETURN: Financial institutions reporting for calendar year 2002 are required to file with payment on or before March 17, 2003. Fiscal year taxpayers are required to 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 not required. If you are unable to file your return by the original due date of the return, Maine allows an automatic seven-month extension of time to file. **CAUTION: AN EXTENSION TO FILE YOUR MAINE RETURN IS NOT AN EXTENSION FOR PAYMENT OF TAX.** If you owe money, you must pay at least 90% of that amount by the original due date for filing your return and 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 (Form 1120EXT-ME, available at **www.maine.gov/revenue** or by calling 207-624-7894) by the original due date for filing your Maine return to: Maine Revenue Services, P.O. Box 9114, Augusta, ME 04332-9114.

4. PAYMENT OF FRANCHISE TAX: All financial institutions subject to franchise tax shall make payment of estimated tax unless the liability for the taxable year reduced by allowable credits is less than $1,000. See instructions for Form 1120B-ES/ME for details. Form 1120B-ES/ME vouchers and instructions are available at **www.maine.gov/revenue** or by calling 207-624-7894.

5. INTEREST: Beginning January 1, 2003, interest at 7% per annum, compounded monthly, will be added to the balance of any tax due from the original due date to the date of payment and should be included with any payment.

6. PENALTIES: **a. Underpayment of estimated tax penalty.** Beginning January 1, 2003, the penalty is 7% per annum, compounded monthly. The penalty rate for 2002 is 8%, compounded monthly. The penalty will be assessed if the sum of quarterly estimated tax payments is not at least equal to the lesser of the previous year's Maine income tax liability or ninety percent (90%) of the tax liability for the current year. Exception: certain large corporations cannot use the previous year's liability in determining the required amount of estimated tax payments.

b. Late filing and late payment penalties. If a past due return is filed 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 increases to 100% of the tax otherwise due.

For failure to pay a tax liability, the penalty is 1% of the tax liability for each month the payment is delinquent, up to a maximum of 25%.

c. Other penalties. The law also provides for penalties for substantial understatement of tax, negligence, fraud, and for payment of tax by check that is returned for insufficient funds.

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 that used 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: Taxpayers must file Maine amended returns for any change or correction by the Internal Revenue Service in federal net income per books or total end-of-year assets. The amended return must be filed within 90 days after final determination of the federal change or correction. Attach a copy of the Internal Revenue Agent's report with all supporting schedules to your Maine amended return.

Taxpayers filing amended federal income tax returns must, within 90 days, file amended Maine income tax returns with copies of federal Form 1120X. When filing returns that reflect federal net operating losses, a copy of federal Form 1139 must be attached.

In addition, an amended Maine income tax return is required to correct errors on a previously filed return. The amended return must be filed within 90 days of the discovery.

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

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

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

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

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

SPECIFIC INSTRUCTIONS

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

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

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

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

Line 3a. Tax on Maine Net Income: The tax rate on income is 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 is limited to 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. **Note: The total amount claimed is limited to the tax amount on line 3c.**

Maine Seed Capital Tax Credit*: Enter on this line the tax credit as authorized by the Finance Authority of Maine. A copy of the tax credit certificate must be attached to the return. The amount of credit is subject to limitations as outlined in 36 M.R.S.A. § 5216-B.

Jobs and Investment Tax Credit*: A tax credit for qualifying jobs and investment is entered on this line. Eligibility for the 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 attributable to that investment in the 24-month period following the date the property was placed in service. For further details see 36 M.R.S.A. § 5215. **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.**

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

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

Employer-Provided Long-Term Care Benefits Credit*: For tax years beginning on or after January 1, 2002, employers are eligible for the employer-provided long-term care credit if the policy on which premiums are paid is certified by the Maine Bureau of Insurance or the policy meets the federal definition of a qualified long-term care insurance contract under the Internal Revenue Code. Previously, only policies meeting the federal definition of a qualified long-term insurance contract qualified for the tax benefits. If the qualifying policy is one certified by the Bureau of Insurance, indicate the policy number when claiming this credit. 36 M.R.S.A. § 5217-C.

SPECIFIC INSTRUCTIONS, continued

Machinery and Equipment Investment Tax Credit: Enter the amount of the credit carried forward to this tax year. Attach a schedule verifying the amount carried forward.

Solid Waste Reduction Investment Tax Credit: Enter the amount of the credit carried forward to this tax year. Attach a schedule verifying the amount carried forward to this tax year.

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 and Development Credit*: Businesses whose Maine research expenses increase by more than 50% over the average research expenses incurred in the three years immediately preceding June 12, 1997 qualify for this 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 after the allowance of all other credits. Carryover provisions apply. 36 M.R.S.A. § 5219-L.

High-Technology Investment Tax Credit*: Businesses 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. The credit is limited to $100,000 per year ($200,000 in certain cases) and may not reduce the tax liability below zero. Carryover provisions apply. Also, 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-M.

Credit for Dependent Health Benefits Paid*: Employers that offer a qualified health benefit plan and that employ fewer than five 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 five or more employees after qualifying for the credit may continue to qualify for the credit for another two 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 two years. 36 M.R.S.A. § 5219-O.

Clean Fuel Credit*: The credit is based on the expenditures paid or incurred for construction, installation of, or improvements to any filling station or charging station in Maine 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 lowers 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.

Historic Rehabilitation Credit*: A taxpayer is allowed a credit equal to the amount of the federal credit, including carryovers, 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.

Family Development Account Credit*: Contributors to family development matching fund accounts are eligible for a credit. 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. The aggregate allowable credit amount in a state fiscal year is limited to $200,000. The Finance Authority of Maine certifies the allowable credit for each contributor. Call 207-623-3263 for further information. 36 M.R.S.A. § 5216-C.

(NOTE: The total of all credits cannot exceed the tax liability on line 3c of Form 1120B-ME.)

*** Complete and attach worksheets showing your calculations for the credits claimed. Credit worksheets are available at www.maine.gov/revenue.**

Line 5b. Penalty for Underpayment of Estimated Tax: If the financial institution underpaid estimated tax, complete and attach Form 2220ME, available at www.maine.gov/revenue.

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

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

IMPORTANT: IF ALL REQUIRED LINES AND SCHEDULES (INCLUDING FORM CRB) ARE NOT COMPLETED, THE RETURN IS INCOMPLETE AND WILL NOT BE CONSIDERED A FILED RETURN. ALSO, PAGES 1 - 4 OF THE FEDERAL RETURN MUST BE ATTACHED TO YOUR MAINE FRANCHISE RETURN.

COMBINED REPORT (FORM CRB) INSTRUCTIONS

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

PURPOSE OF FORM:

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

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

COMBINED REPORTING:

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

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

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

COLUMN INSTRUCTIONS

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

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

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

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

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

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

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

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

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

LINE INSTRUCTIONS

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

Line 18. Enter the total for each of Columns 2 through 8. Enter column 5(A), line 18 on Form 1120B-ME, line 1a. Enter column 5(B), line 18 on Form 1120B-ME, line 2a.

2002 MAINE FRANCHISE TAX RETURN FOR FINANCIAL INSTITUTIONS

020841000

For calendar year 2002 or tax year beginning in 2002

MM DD 02 TO MM DD YY

FORM 1120B-ME

☐ Check here if amended

CHECK APPLICABLE BOXES: ☐ (1) Initial return ☐ (2) Final return ☐ (3) Change of name/address

Name

Federal Employer ID No.

Address

Business Code

State of Incorporation

City

State

ZIP Code

Contact Person First Name

Last Name

Phone Number

Check Here if Combined Return and Enclose Form CRB ☐

Parent's Federal Employer ID No.

Principal Place of Activity in Maine

City where Records are Maintained

State

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

Return continued on page 2

Office use only

020841100

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

7. Amount on line 6 to be:

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

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

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

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

SCHEDULE A - APPORTIONMENT OF INCOME

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

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

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

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

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

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

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

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

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

GENERAL INSTRUCTIONS

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

SPECIFIC INSTRUCTIONS:

Line 8. Receipts Factor: The receipts factor is a fraction. The numerator is the Maine receipts of the taxpayer during the tax period. The denominator is the receipts of the taxpayer everywhere during the tax period. *See* § 5206-E(2) for a complete description of Maine and everywhere receipts.

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. *See* § 5206-E(4) for a complete description of Maine and everywhere payroll.

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 net annual rental rate. Loans and credit card receivables are valued at outstanding principal, without regard to any reserve for bad debt. *See* § 5206-E(3) for a complete description of Maine and everywhere property.

FORM CRB – page 1 of 2

MAINE FRANCHISE TAX

Combined Report For Unitary Members

020841200

MAINE REVENUE SERVICES

Federal EIN: ____________________

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

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

COMBINED REPORT

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

MAINE FRANCHISE TAX

020841300

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

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

COMBINED REPORT

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