



# Educational Opportunity Tax Credit

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[www.maine.gov/revenue](http://www.maine.gov/revenue)



# Today's EOTC topics include:

- **Qualifying Individuals, Employers**
- **Qualifying Degrees**
- **Terminology**
- **Science, Technology, Engineering, Mathematics (STEM)**
- **Example Calculation**
- **Common Questions**



# Educational Opportunity Tax Credit

What is it?

- **A tax credit for both qualified individuals and employers for payments made directly to a lender on student loans obtained to earn a qualifying degree.**
- **The credit is refundable for all associate degrees or for a bachelor's degree classified as a science, technology, engineering, or mathematics (STEM) degree.**
- **For all other qualifying degrees, the credit is nonrefundable. Unused credit can be carried forward for (10) succeeding tax years.**



# Qualifying Individuals

To qualify for the EOTC an individual must:

**Be a Maine resident during the tax year**

**Have worked at least part-time in Maine**

**Have obtained a qualifying degree**



# Worked in Maine

Working in Maine includes:

- **Part-time employment (16 – 32 hours/week) in Maine.**
- **Deployment by the U.S Armed forces outside Maine.**
- **Self-employment in Maine.**
- **Periods when an individual is on leave or vacation.**
- **Seasonal employment in Maine.**
- **Up to 3 months employment out-of-state.**
- **At least part-time employment on a vessel at sea.**



# Qualifying Degrees

Associate and Bachelor's Degrees:

- **Must be obtained after December 31, 2007.**
- **Must have been conferred by an accredited Maine educational institution, or, after December 31, 2015, conferred by either a Maine or non-Maine educational institution.**

Graduate Degrees:

- **Must be obtained after December 31, 2015.**
- **Must have been conferred by an accredited Maine college or university.**



# Online Degree Programs

A degree earned through online coursework qualifies if the degree was obtained from an accredited college or university with a physical brick-and-mortar presence in the State of Maine.



# Supporting Documentation

In the first-year filing for the EOTC, the taxpayer must provide:

- **A complete copy of the college transcript.**
- **Proof of the education loans that qualify for the credit.**
- **Proof of educational loan payments made directly to the lender by the taxpayer.**

A refund may be delayed for processing absent complete documentation on a first-year filing.

In subsequent years, Maine Revenue Services may request additional supporting documentation.





# Refundable vs. Non-refundable EOTC

## Credit is refundable for:

- Bachelor's degrees classified as STEM.
- Associate degrees.

## Credit is non-refundable for:

- Bachelor's degrees not classified as STEM.
- Graduate degrees.

**Reminder:** Denial of refundability is **not** a denial of the credit. It's all about the timing!

# Science, Technology, Engineering, Mathematics

## STEM Degree Determination



# STEM qualification for the refundable EOTC

Determine the Classification of Instructional Programs (CIP) code for the qualifying degree and school:

- 1. Identify the educational institution.**
- 2. Identify the degree awarded.**
- 3. Use the “CIP Wizard” tool on the National Center for Educational Statistics (NCES). <https://nces.ed.gov/ipeds/cipcode/wizard/>**



# Example One: STEM Determination

Educational Institution:

- **University of Maine - Orono**

Degree Awarded:

- **B.S. Food Science and Human Nutrition**



## Welcome to the CIP Wizard!

View or download a report on how a specified set of CIP codes map to the new version of the CIP. You may select to view a report based on the CIP codes your institution submitted for the last three IPEDS Completion Surveys, or you may create a custom report by uploading, pasting, or selecting codes one-by-one. Please begin by identifying your institution.

Start here...

Begin by identifying your institution by UnitID or name.

Non-institution personnel may select any school to begin.

Enter UnitID:

Go

OR...

Enter four or more characters to begin the search. A list of matching institutions will be shown as you type. Click "Select" to choose an institution and continue.

Institution:



## Welcome to the CIP Wizard!

View or download a report on how a specified set of CIP codes map to the new version of the CIP. You may select to view a report based on the CIP codes your institution submitted for the last three IPEDS Completion Surveys, or you may create a custom report by uploading, pasting, or selecting codes one-by-one. Please begin by identifying your institution.

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Enter four or more characters to begin the search. A list of matching institutions will be shown as you type. Click "Select" to choose an institution and continue.

Institution:

University of Maine

- Select University of Maine Orono, ME
- Select University of Maine at Augusta Augusta, ME
- Select University of Maine at Farmington Farmington, ME
- Select University of Maine at Fort Kent Fort Kent, ME
- Select University of Maine at Machias Machias, ME
- Select University of Maine at Presque Isle Presque Isle, ME



No Substantive Changes

Moved

Deleted

Suggested New Codes

CIP Codes with no substantive changes.

*Note: While these CIP codes have not been moved or deleted, some of them may have had some minor changes to their title or definition. A check mark indicates whether the CIP has had its title or definition changed.*

Title or Definition Changed

(01.0000) Agriculture, General.

(01.0103) Agricultural Economics.

(01.0601) Applied Horticulture/Horticulture Operations, General.

(01.0901) Animal Sciences, General.

(01.1001) Food Science.

(01.1101) Plant Sciences, General.

(01.1103) Horticultural Science.

(01.1201) Soil Science and Agronomy, General.

(03.0104) Environmental Science.

(03.0205) Water, Wetlands, and Marine Resources Management.

(03.0501) Forestry, General.

(03.0502) Forest Sciences and Biology.

(03.0506) Forest Management/Forest Resources Management.

(03.0509) Wood Science and Wood Products/Pulp and Paper Technology/Technician.

(03.0601) Wildlife, Fish and Wildlands Science and Management.

(05.0207) Women's Studies.

(05.0210) Disability Studies.

(09.0101) Speech Communication and Rhetoric.

(09.0102) Mass Communication/Media Studies.

(09.0199) Communication and Media Studies, Other.

(09.0401) Journalism.

(09.0702) Digital Communication and Media/Multimedia.

(09.9999) Communication, Journalism, and Related Programs, Other.

(10.9999) Communications Technologies/Technicians and Support Services, Other.

(11.0103) Information Technology.

(11.0701) Computer Science.

(13.0101) Education, General.

(13.0301) Curriculum and Instruction.





- No Substantive Changes
- Moved
- Deleted
- Suggested New Codes

CIP Codes with no substantive changes.

Note: While these CIP codes have not been moved or deleted, some of them may have had some minor changes to their title or definition. A check mark indicates whether the CIP has had its title or definition changed.

Title or Definition Changed

- (01.0000) Agriculture, General.
- (01.0103) Agricultural Economics.
- (01.0601) Applied Horticulture/Horticulture Operations, General.
- (01.0901) Animal Sciences, General.
- (01.1001) Food Science.
- (01.1101) Plant Sciences, General.
- (01.1103) Horticultural Science.
- (01.1201) Soil Science and Agronomy, General.
- (03.0104) Environmental Science.
- (03.0205) Water, Wetlands, and Estuarine Sciences, General.
- (03.0501) Forestry, General.
- (03.0502) Forest Sciences and Ecosystem Management.
- (03.0506) Forest Management and Planning.
- (03.0509) Wood Science and Technology.
- (03.0601) Wildlife, Fish and Wildlife Management.
- (05.0207) Women's Studies.
- (05.0210) Disability Studies.
- (09.0101) Speech Communication.
- (09.0102) Mass Communication.
- (09.0199) Communication and Journalism, Other.
- (09.0401) Journalism.
- (09.0702) Digital Communication and Media/Multimedia.
- (09.9999) Communication, Journalism, and Related Programs, Other.
- (10.9999) Communications Technologies/Technicians and Support Services, Other.
- (11.0103) Information Technology.
- (11.0701) Computer Science.
- (13.0101) Education, General.
- (13.0301) Curriculum and Instruction.

- (01.0000) Agriculture, General.
- (01.0103) Agricultural Economics.
- (01.0601) Applied Horticulture/Horticulture Operations, General.
- (01.0901) Animal Sciences, General.
- (01.1001) Food Science.**
- (01.1101) Plant Sciences, General.
- (01.1103) Horticultural Science.
- (01.1201) Soil Science and Agronomy, General.
- (03.0104) Environmental Science.



## DHS STEM Designated Degree Program List

| <b>CIP Code<br/>Two-Digit<br/>Series</b> | <b>2020 CIP<br/>Code</b> | <b>CIP Code Title</b>                    |
|--|--------------------------|--|
| 01                                       | 01.0308                  | Agroecology and Sustainable Agriculture. |
| 01                                       | 01.0901                  | Animal Sciences, General.                |
| 01                                       | 01.0902                  | Agricultural Animal Breeding.            |
| 01                                       | 01.0903                  | Animal Health.                           |
| 01                                       | 01.0904                  | Animal Nutrition.                        |
| 01                                       | 01.0905                  | Dairy Science.                           |
| 01                                       | 01.0906                  | Livestock Management.                    |
| 01                                       | 01.0907                  | Poultry Science.                         |
| 01                                       | 01.0999                  | Animal Sciences, Other.                  |
| 01                                       | 01.1001                  | Food Science.                            |
| 01                                       | 01.1002                  | Food Technology and Processing.          |
| 01                                       | 01.1099                  | Food Science and Technology, Other.      |
| 01                                       | 01.1101                  | Plant Sciences, General.                 |
| 01                                       | 01.1102                  | Agronomy and Crop Science.               |



## Example Two: STEM Determination

Educational Institution:

- **University of Southern Maine**

Degree Awarded:

- **B.S. Nursing (CIP Code: 51.3801)**



# B.S. Nursing – STEM Determination

**ICE STEM List:** Nursing (51.3801) is **not** included.

|    |         |  |
|----|---------|--|
| 51 | 51.2010 | Pharmaceutical Sciences.                             |
| 51 | 51.2202 | Environmental Health.                                |
| 51 | 51.2205 | Health/Medical Physics.                              |
| 51 | 51.2706 | Medical Informatics.                                 |
| 52 | 52.1301 | Management Science.                                  |
| 52 | 52.1302 | Business Statistics.                                 |
| 52 | 52.1304 | Actuarial Science.                                   |
| 52 | 52.1399 | Management Sciences and Quantitative Methods, Other. |

A degree excluded from the ICE list is not presumptively disqualified from a STEM classification for the purposes of EOTC.

<https://www.maine.gov/revenue/publications/rules>



# Rule 812: Credit for Educational Opportunity

Includes:

- .01 General qualifications**
- .02 Credit refundability**
- .03 STEM – Definition applicable to degrees awarded prior to January 1, 2020**
- .04 STEM – Definition applicable to degrees awarded on or after January 1, 2020.**
- .05 Bachelor’s and graduate degrees awarded simultaneously**
- .06 Credit allowed in the event of forbearance or deferment**
- .07 Regional accrediting association**
- .08 Application**



#### **.04 STEM – Definition applicable to degrees awarded on or after January 1, 2020**

For degrees awarded on or after January 1, 2020, a STEM degree means a degree in a program of study classified under one of the following Classification of Instructional Programs (CIP) codes according to the Integrated Postsecondary Education Data System (IPEDS) of the National Center for Education Statistics (NCES):

- A. CIP codes listed on the United States Department of Homeland Security, Immigration and Customs Enforcement STEM Designated Degree Program List as of the year in which the degree was awarded;
- B. Dental Hygiene/Hygienist (CIP code 51.0602);
- C. Kinesiology and Exercise Science (CIP code 31.0505);
- D. Marine Science/Merchant Marine Officer (CIP code 49.0309);
- E. Occupational Therapy/Therapist (CIP code 51.2306)
- F. Registered Nursing, Nursing Administration, Nursing Research, and Clinical Nursing (CIP codes 51.3801 through 51.3899); and
- G. Secondary Education and Teaching: STEM Concentrations (CIP code 13.1205 with a concentration in a field that would qualify as a STEM degree under subsections A through F if the degree were earned in that field directly).



## Example Three: STEM Determination

Educational Institution:

- **University of New England**

Degree Awarded:

- **B.S. in Sport and Recreation Management (CIP Code: 31.0504)**



## B.S. Sports Management– STEM Determination

**ICE STEM List:** Sports and Rec Management (31.0504) is **not** included.

|    |         |                             |
|----|---------|-----------------------------|
| 30 | 30.3001 | Computational Science.      |
| 30 | 30.3101 | Human Computer Interaction. |
| 30 | 30.3201 | Marine Sciences.            |
| 30 | 30.3301 | Sustainability Studies.     |
| 40 | 40.0000 | PHYSICAL SCIENCES.          |
| 40 | 40.0100 | Physical Sciences, General. |
| 40 | 40.0101 | Physical Sciences, General. |
| 40 | 40.0200 | Astronomy and Astrophysics. |

**Rule 812:** CIP Code not included as STEM qualified.

**Not STEM = File to claim the non-refundable EOTC**





## Reminder:

- **Identify the educational institution (college/university).**
- **Identify the degree obtained.**
- **Use the CIP Wizard to identify the degree's classification code.**
- **Determine if the CIP code is included on the DHS ICE STEM list.**
- **Refer to Rule 812 for additional STEM qualifying degrees not included on the DHS ICE STEM list.**

# Credit Calculation



# Terminology

**Benchmark:** The upper cap on the credit. The benchmark amount is determined based on the year of graduation and is included in the worksheet instructions.

**Amount due:** The amount required to be paid to the lender on qualifying education loans.

**Amount paid:** Total amount actually paid directly to the lender by the taxpayer.



# Calculating the Credit for Individuals

The credit is determined on the basis of the least of the total of the following:

- **Benchmark loan payment amount**
- **Amount due on eligible educational loans**
- **Amount paid on eligible educational loans**



# EOTC for Employers

Who is eligible for the employer credit?

- **Employers that make student loan payments on behalf of qualified employees.**

Employer must:

- **Have a qualified employee.**
- **Make qualifying student loan payments directly to the lender.**
- **File for the credit using the Employer EOTC worksheet and the Employer/Employee Affidavit (when both the employee and employer made payments).**



## EOTC for Employers

“Qualified employee” means an employee who is employed at least part time and who is a qualified individual or who would be a qualified individual except that the employee's associate or bachelor's degree was awarded by an accredited non-Maine community college, college or university. Additionally, for tax years beginning in 2016, graduate degrees awarded by non-Maine educational institutions qualify for the employer EOTC.



## EOTC for Employers

The **employer** receives a tax credit for the entire amount of the eligible student loan payments, limited by only the **amount due**.

The **employee** may be eligible for an income modification subtraction if the employer includes the loan payments as wages in Box 1 of Form W2.



# EOTC Example

- Jane is a Maine resident who worked in Maine the entirety of 2020.
- Jane earned (2) bachelor's degrees.
  - Degree One: B.S. Criminal Justice, Husson Univ., May, 2015.\*
  - Degree Two: B.S. Nursing, Univ. of Maine, May, 2019.\*

*\*all credits earned after 2007*
- (32) credit hours were transferred from Degree One to satisfy the course requirements of Degree Two.
- Jane consolidated the loans from both degrees in December of 2019. At the time of consolidation, the total eligible loans associated with Degree One and Degree Two were \$30,000 and \$50,000 respectively.
- Jane's monthly loan payment due is \$500.
- The only credit Jane claimed is EOTC and Jane's Maine income tax for 2020 is \$856.





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# 2020 Educational Opportunity Tax Credit Worksheet



for Maine Resident & Part-year Resident Individuals

36 M.R.S. § 5217-D



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\*2002207\*

**IMPORTANT NOTE:** Use this worksheet if you paid education loan payments directly to the lender. If you are claiming the credit for more than one degree, complete a separate worksheet for each degree. If your employer also made student loan payments on your behalf, you must complete and attach the Educational Opportunity Tax Credit - Employer/Employee Affidavit. See instructions.

**Note:** If this is the first year you are claiming this credit, you must include a complete copy of your college transcript, proof of the educational loans that qualify for the credit and proof of the educational loan payments you paid directly to the lender during the tax year. Additionally, Maine Revenue Services may request additional documentation supporting your claim in subsequent tax years.

|                             |                                   |
|-----------------------------|-----------------------------------|
| Name of Taxpayer (Graduate) | Graduate's Social Security Number |
| <input type="text"/>        | <input type="text"/>              |

**Lines A - C.** Check the type of degree you received. Check only one box.

|                                       |   |
|---------------------------------------|---|
| <input type="checkbox"/> A Bachelor's | <input type="checkbox"/> D If <b>Box A</b> is checked, also check here if this is a degree in Science, Technology, Engineering or Mathematics ("STEM"). See instructions. |
| <input type="checkbox"/> B Associate  | <input type="checkbox"/> E Date you graduated: <input type="text"/>   |
| <input type="checkbox"/> C Graduate   |   |

**F** College or university from which you obtained the degree:

**G** State where the college or university is located:  (Enter the two-digit state abbreviation)

**H** Name of degree as it appears on your diploma:   
(Example: Bachelor of Science Computer Science)

**I** Check this box if your employer also made student loan payments directly to the lender on your behalf. If checked, complete and enclose the Educational Opportunity Tax Credit - Employer/Employee Affidavit. See instructions.

**1. Eligible payments.** Enter the amount from the Educational Opportunity Tax Credit - Loan Payment Schedule, line 4 or if box I is checked the Employer/Employee Affidavit, line 5.....  .00

**Proration factor.** If your education loans include amounts borrowed for credit hours earned toward your degree before January 1, 2008, complete lines 2, 3 and 4. Otherwise, enter the amount from line 1 on line 5.

**2.** Enter the number of credit hours you earned toward your degree after December 31, 2007...  **2.**

**3.** Enter the total number of credit hours earned for your degree (Do not enter more than the total number of credit hours required to earn the degree.).....  **3.**

**4.** Divide line 2 by line 3. (Round the result to four decimal places. Do not enter more than 1.0000.) ...  **4.**

**5.** If you completed lines 2, 3 and 4, multiply line 1 by line 4. Otherwise, enter the amount from line 1 .....  .00

**a) Refundable credit.** If either box B or box D above is checked, enter the amount from line 5. Also enter this amount on Form 1040ME, Schedule A, line 4.....  **5a.** .00

**b)** If neither box B nor box D above is checked, enter the amount from line 5. ....  **5b.** .00

**6.** Enter the carryforward of unused credit amounts from prior tax years.....  **6.** .00

**7. Nonrefundable credit.** Add lines 5b and 6. Enter the total here and on Form 1040ME, Schedule A, line 14.....  **7.** .00

**Note:** MRS may request additional information supporting the credit claimed before the return can be processed.

The credit amount on line 7 cannot exceed your tax due; however, unused credit amounts may be carried forward for up to 10 years - see instructions.

Keep a record of the unused credit amount available for future tax years.

# 2020 Educational Opportunity Tax Credit - Loan Payment Schedule

for line 1 of the 2020 Educational Opportunity Tax Credit Worksheet

Your name: \_\_\_\_\_ Social security number: \_\_\_\_\_

Complete this schedule to determine the amount of eligible education loan payment amounts that may be used to calculate your credit. Include only eligible education loan amounts. See instructions.

If you were a part-year resident during the tax year, enter the dates you were a Maine resident: from \_\_\_\_\_, 2020 to \_\_\_\_\_.

- Enter the number of months\* during the tax year in which you met all of the following (see instructions): .....  **1.**
  - were a Maine resident,
  - worked in Maine (see instructions) or were deployed for military service in the U.S. Armed Forces, or worked at least part-time on a vessel at sea, and
  - paid eligible education loan payments directly to the lender (during any part of the year)

**\*Count any part of a month as an entire month**

- Consolidated loans.** Are the eligible education loans you obtained to earn the degree consolidated with other education loans? .....  **2.** Yes No  
If yes, you must prorate your eligible loan payments. Complete lines 2a through 2c below.  
**If no enter 1.0000 on line 2c below.**

Note: If your consolidated loan includes noneducational loans, you do not qualify for the educational opportunity tax credit.

- Enter the amount of education loans obtained to earn the degree listed on page 1, line H that are included in the total consolidated loan .....  **2a.**
- Enter the total consolidated loan amount .....  **2b.**
- Divide line 2a by line 2b.....  **2c.**

### ELIGIBLE EDUCATION LOAN PAYMENTS paid directly to the lender

- For each month included on line 1 above, enter in **Column A** the benchmark loan payment amount (see instructions); enter in **Column B** the sum of the loan payment amount(s) **due** each month multiplied by line 2c; enter in **Column C** the sum of your eligible education loan payment amount(s) **paid** each month **directly to the lender** multiplied by line 2c.

| MONTH DUE   | COLUMN A   | COLUMN B  | COLUMN C  |
|---|--|---|---|
|   | FOR EACH MONTH<br>ENTER THE<br>BENCHMARK<br>LOAN PAYMENT | FOR EACH MONTH<br>ENTER THE TOTAL<br>LOAN PAYMENT<br>AMOUNT(S) DUE* | FOR EACH MONTH<br>ENTER THE TOTAL<br>LOAN PAYMENT<br>AMOUNT(S) PAID |
| a) January.....   | \$ _____   | \$ _____  | \$ _____  |
| b) February.....  | \$ _____   | \$ _____  | \$ _____  |
| c) March.....   | \$ _____   | \$ _____  | \$ _____  |
| d) April.....   | \$ _____   | \$ _____  | \$ _____  |
| e) May.....   | \$ _____   | \$ _____  | \$ _____  |
| f) June.....  | \$ _____   | \$ _____  | \$ _____  |
| g) July.....  | \$ _____   | \$ _____  | \$ _____  |
| h) August.....  | \$ _____   | \$ _____  | \$ _____  |
| i) September.....   | \$ _____   | \$ _____  | \$ _____  |
| j) October.....   | \$ _____   | \$ _____  | \$ _____  |
| k) November.....  | \$ _____   | \$ _____  | \$ _____  |
| l) December.....  | \$ _____   | \$ _____  | \$ _____  |
| <b>Total:</b> (add rows a through l for each column)..... | <b>3A</b> \$ _____                                       | <b>3B</b> \$ _____  | <b>3C</b> \$ _____  |

\*If your loans were in forbearance or deferment during the year, see the Column B instructions on page 4.

- TOTAL ELIGIBLE EDUCATION LOAN PAYMENTS.** Enter line 3A, 3B, or 3C, whichever is smallest. **Except**, if box I on page 1 is checked, enter on this line, the amount from the Educational Opportunity Tax Credit - Employer/Employee Affidavit, line 5. Also enter this amount on the Educational Opportunity Tax Credit Worksheet, line 1. ....  **4** \$ \_\_\_\_\_



Clear

Print

# 2020 Educational Opportunity Tax Credit Worksheet



for Maine Resident & Part-year Resident Individuals

36 M.R.S. § 5217-D



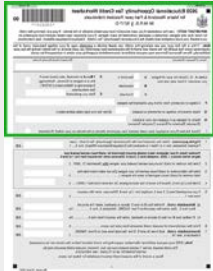
99

\*2002207\*

**IMPORTANT NOTE:** Use this worksheet if you paid education loan payments directly to the lender. If you are claiming the credit for more than one degree, complete a separate worksheet for each degree. If your employer also made student loan payments on your behalf, you must complete and attach the Educational Opportunity Tax Credit - Employer/Employee Affidavit. See instructions.

**Note:** If this is the first year you are claiming this credit, you **must** include a complete copy of your college transcript, proof of the educational loans that qualify for the credit and proof of the educational loan payments you paid directly to the lender during the tax year. Additionally, Maine Revenue Services may request additional documentation supporting your claim in subsequent tax years.

Page 1



|                             |                                   |
|-----------------------------|-----------------------------------|
| Name of Taxpayer (Graduate) | Graduate's Social Security Number |
| Jane Doe                    | 000 00 0000                       |

**Lines A - C.** Check the type of degree you received. Check only one box.

- A  Bachelor's
- B  Associate
- C  Graduate

**D** If **Box A** is checked, also check here if this is a degree in Science, Technology, Engineering or Mathematics ("STEM"). See instructions.

**E** Date you graduated: 05 30 2015

**F** College or university from which you obtained the degree: **Husson University**

**G** State where the college or university is located: **ME** (Enter the two-digit state abbreviation)

**H** Name of degree as it appears on your diploma: **Bachelor Of Science Criminal Justice**  
(Example: Bachelor of Science Computer Science)

**I** Check this box if your employer also made student loan payments directly to the lender on your behalf. If checked, complete and enclose the Educational Opportunity Tax Credit - Employer/Employee Affidavit. See instructions.



# 2020 Educational Opportunity Tax Credit - Loan Payment Schedule

for line 1 of the 2020 Educational Opportunity Tax Credit Worksheet

Your name: Jane Doe

Social security number: 000 00 0000

Complete this schedule to determine the amount of eligible education loan payment amounts that may be used to calculate your credit. Include only eligible education loan amounts. See instructions.

If you were a part-year resident during the tax year, enter the dates you were a Maine resident:

from \_\_\_\_\_, 2020 to \_\_\_\_\_.

Page 2



1. Enter the number of months\* during the tax year in which you met all of the following (see instructions): ..... 1. \_\_\_\_\_
- a) were a Maine resident,
  - b) worked in Maine (see instructions) or were deployed for military service in the U.S. Armed Forces, or worked at least part-time on a vessel at sea, and
  - c) paid eligible education loan payments directly to the lender (during any part of the year)

**\*Count any part of a month as an entire month**

2. **Consolidated loans.** Are the eligible education loans you obtained to earn the degree consolidated with other education loans? ..... 2.  Yes  No

If yes, you must prorate your eligible loan payments. Complete lines 2a through 2c below.

**If no enter 1.0000 on line 2c below.**

Note: If your consolidated loan includes noneducational loans, you do not qualify for the educational opportunity tax credit.

- a) Enter the amount of education loans obtained to earn the degree listed on page 1, line H that are included in the total consolidated loan ..... 2a. \$ 30,000
- b) Enter the total consolidated loan amount ..... 2b. \$ 80,000
- c) Divide line 2a by line 2b..... 2c. 0.3750



# Consolidated and Refinanced Loans

A single payment for multiple student loans is not consolidation.

## Consolidated Loans

- **Two or more federal education loans combined into a single federal loan, generally resulting in a new weighted average interest rate.**

## Refinanced Loans

- **Private lender pays off student loans resulting in a new interest rate.**



## Consolidated and Refinanced Loans

Calculate the proration factor using the loan balances at the time of consolidation.

$$\frac{\text{Total value of education loans obtained to earn degree}}{\text{Total consolidated loan amount}} = \text{Proration Factor}$$

**Multiply the proration factor by the amounts due and amounts paid for each individual month.**



# 2020 Educational Opportunity Tax Credit - Loan Payment Schedule

for line 1 of the 2020 Educational Opportunity Tax Credit Worksheet

Your name: Jane Doe

Social security number: 000 00 0000

Complete this schedule to determine the amount of eligible education loan payment amounts that may be used to calculate your credit. Include only eligible education loan amounts. See instructions.

If you were a part-year resident during the tax year, enter the dates you were a Maine resident:

from \_\_\_\_\_, 2020 to \_\_\_\_\_.

Page 2



1. Enter the number of months\* during the tax year in which you met all of the following (see instructions): ..... 1. \_\_\_\_\_

- a) were a Maine resident,
- b) worked in Maine (see instructions) or were deployed for military service in the U.S. Armed Forces, or worked at least part-time on a vessel at sea, and
- c) paid eligible education loan payments directly to the lender (during any part of the year)

**\*Count any part of a month as an entire month**

2. **Consolidated loans.** Are the eligible education loans you obtained to earn the degree consolidated with other education loans? ..... 2.  Yes  No

If yes, you must prorate your eligible loan payments. Complete lines 2a through 2c below.

**If no enter 1.0000 on line 2c below.**

Note: If your consolidated loan includes noneducational loans, you do not qualify for the educational opportunity tax credit.

|  |     |                  |
|--|-----|------------------|
| a) Enter the amount of education loans obtained to earn the degree listed on page 1, line H that are included in the total consolidated loan ..... | 2a. | <u>\$ 30,000</u> |
| b) Enter the total consolidated loan amount .....  | 2b. | <u>\$ 80,000</u> |
| c) Divide line 2a by line 2b.....  | 2c. | <u>0.3750</u>    |



ELIGIBLE EDUCATION LOAN PAYMENTS paid directly to the lender

3. For each month included on line 1 above, enter in **Column A** the benchmark loan payment amount (see instructions); enter in **Column B** the sum of the loan payment amount(s) **due** each month multiplied by line 2c; enter in **Column C** the sum of your eligible education loan payment amount(s) **paid** each month **directly to the lender** multiplied by line 2c.

|   |       | <b>COLUMN A</b>     |       | <b>COLUMN B</b>       |       | <b>COLUMN C</b>       |
|---|-------|---------------------|-------|-----------------------|-------|-----------------------|
|   |       | FOR EACH MONTH      |       | FOR EACH MONTH        |       | FOR EACH MONTH        |
|   |       | ENTER THE           |       | ENTER THE TOTAL       |       | ENTER THE TOTAL       |
|   |       | BENCHMARK           |       | LOAN PAYMENT          |       | LOAN PAYMENT          |
| <u>MONTH DUE</u>  |       | <u>LOAN PAYMENT</u> |       | <u>AMOUNT(S) DUE*</u> |       | <u>AMOUNT(S) PAID</u> |
| a) January.....   | \$    | <u>377</u>          | \$    | <u>188</u>            | \$    | <u>188</u>            |
| b) February.....  | \$    | <u>377</u>          | \$    | <u>188</u>            | \$    | <u>376</u>            |
| c) March.....   | \$    | <u>377</u>          | \$    | <u>188</u>            | \$    | <u>0</u>              |
| d) April.....   | \$    | <u>377</u>          | \$    | <u>188</u>            | \$    | <u>188</u>            |
| e) May.....   | \$    | <u>377</u>          | \$    | <u>188</u>            | \$    | <u>188</u>            |
| f) June.....  | \$    | <u>377</u>          | \$    | <u>188</u>            | \$    | <u>188</u>            |
| g) July.....  | \$    | <u>377</u>          | \$    | <u>188</u>            | \$    | <u>188</u>            |
| h) August.....  | \$    | <u>377</u>          | \$    | <u>188</u>            | \$    | <u>188</u>            |
| i) September.....   | \$    | <u>377</u>          | \$    | <u>188</u>            | \$    | <u>752</u>            |
| j) October.....   | \$    | <u>377</u>          | \$    | <u>188</u>            | \$    | <u>0</u>              |
| k) November.....  | \$    | <u>377</u>          | \$    | <u>188</u>            | \$    | <u>0</u>              |
| l) December.....  | \$    | <u>377</u>          | \$    | <u>188</u>            | \$    | <u>0</u>              |
| <b>Total:</b> (add rows a through l for each column)..... | 3A \$ | <u>4,524</u>        | 3B \$ | <u>2,256</u>          | 3C \$ | <u>2,256</u>          |

\*If your loans were in forbearance or deferment during the year, see the Column B instructions on page 4.

4. **TOTAL ELIGIBLE EDUCATION LOAN PAYMENTS.** Enter line 3A, 3B, or 3C, whichever is smallest.

**Except**, if box I on page 1 is checked, enter on this line, the amount from the Educational Opportunity Tax Credit - Employer/Employee Affidavit, line 5. Also enter this amount on the Educational Opportunity Tax Credit Worksheet, line 1. .... 4 \$ 2,256





# Benchmark Loan Payment

Located in the worksheet instructions

| <u>If you graduated in:</u> | The benchmark loan payment is |                          |                        |
|-----------------------------|-------------------------------|--------------------------|------------------------|
|                             | <u>Associate degree</u>       | <u>Bachelor's degree</u> | <u>Graduate degree</u> |
| 2008                        | *                             | *                        |                        |
| 2009                        | *                             | *                        |                        |
| 2010                        | \$72.00                       | \$343.00                 |                        |
| 2011                        | \$68.00                       | \$344.00                 |                        |
| 2012                        | \$65.00                       | \$342.00                 |                        |
| 2013                        | \$65.00                       | \$356.00                 |                        |
| 2014                        | \$66.00                       | \$363.00                 |                        |
| 2015                        | \$70.00                       | \$377.00                 |                        |
| 2016                        | \$70.00                       | \$373.00                 | \$325.00               |
| 2017                        | \$68.00                       | \$364.00                 | \$317.00               |
| 2018                        | \$74.00                       | \$377.00                 | \$328.00               |
| 2019                        | \$77.00                       | \$367.00                 | \$338.00               |
| 2020                        | \$77.00                       | \$367.00                 | \$341.00               |





|  |              |
|--|--------------|
| 1. <b>Eligible payments.</b> Enter the amount from the Educational Opportunity Tax Credit - Loan Payment Schedule, line 4 or if box I is checked the Employer/Employee Affidavit, line 5.... 1.                            | \$ 2,256 .00 |
| <b>Proration factor. If your education loans include amounts borrowed for credit hours earned toward your degree before January 1, 2008, complete lines 2, 3 and 4. Otherwise, enter the amount from line 1 on line 5.</b> |              |
| 2. Enter the number of credit hours you earned toward your degree <u>after</u> December 31, 2007.. 2.  |              |
| 3. Enter the total number of credit hours earned for your degree (Do not enter more than the total number of credit hours required to earn the degree.)..... 3.  |              |
| 4. Divide line 2 by line 3. (Round the result to four decimal places. Do not enter more than 1.0000.) ... 4.   |              |
| 5. If you completed lines 2, 3 and 4, multiply line 1 by line 4. Otherwise, enter the amount from line 1 ..... 5.  | \$ 2,256 .00 |
| a) <b>Refundable credit.</b> If either box B or box D above is checked, enter the amount from line 5. Also enter this amount on Form 1040ME, Schedule A, line 4..... 5a.   | .00          |
| b) If neither box B nor box D above is checked, enter the amount from line 5. .... 5b.   | \$ 2,256 .00 |
| 6. Enter the carryforward of unused credit amounts from prior tax years..... 6.  | \$ 0 .00     |
| 7. <b>Nonrefundable credit.</b> Add lines 5b and 6. Enter the total here and on Form 1040ME, Schedule A, line 14 ..... 7.  | \$ 2,256 .00 |

**Note:** MRS may request additional information supporting the credit claimed before the return can be processed.

The credit amount on line 7 cannot exceed your tax due; however, unused credit amounts may be carried forward for up to 10 years - see instructions.

Keep a record of the unused credit amount available for future tax years.



Clear

Print

# 2020 Educational Opportunity Tax Credit Worksheet



for Maine Resident & Part-year Resident Individuals

36 M.R.S. § 5217-D



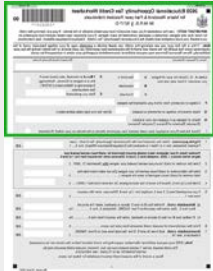
99

\*2002207\*

**IMPORTANT NOTE:** Use this worksheet if you paid education loan payments directly to the lender. If you are claiming the credit for more than one degree, complete a separate worksheet for each degree. If your employer also made student loan payments on your behalf, you must complete and attach the Educational Opportunity Tax Credit - Employer/Employee Affidavit. See instructions.

**Note:** If this is the first year you are claiming this credit, you **must** include a complete copy of your college transcript, proof of the educational loans that qualify for the credit and proof of the educational loan payments you paid directly to the lender during the tax year. Additionally, Maine Revenue Services may request additional documentation supporting your claim in subsequent tax years.

Page 1



|                             |                                   |
|-----------------------------|-----------------------------------|
| Name of Taxpayer (Graduate) | Graduate's Social Security Number |
| Jane Doe                    | 000 00 0000                       |

**Lines A - C.** Check the type of degree you received. Check only one box.

- A  Bachelor's
- B  Associate
- C  Graduate

**D** If **Box A** is checked, also check here if this is a degree in Science, Technology, Engineering or Mathematics ("STEM"). See instructions.



**E** Date you graduated: 05 15 2019

**F** College or university from which you obtained the degree: University Of Maine Fort Kent

**G** State where the college or university is located: ME (Enter the two-digit state abbreviation)

**H** Name of degree as it appears on your diploma: Bachelor Of Science In Nursing  
(Example: Bachelor of Science Computer Science)

**I** Check this box if your employer also made student loan payments directly to the lender on your behalf. If checked, complete and enclose the Educational Opportunity Tax Credit - Employer/Employee Affidavit. See instructions.



# 2020 Educational Opportunity Tax Credit - Loan Payment Schedule

for line 1 of the 2020 Educational Opportunity Tax Credit Worksheet

Your name: Jane Doe

Social security number: 000 00 0000

Complete this schedule to determine the amount of eligible education loan payment amounts that may be used to calculate your credit. Include only eligible education loan amounts. See instructions.

If you were a part-year resident during the tax year, enter the dates you were a Maine resident:

from \_\_\_\_\_, 2020 to \_\_\_\_\_.

Page 2



1. Enter the number of months\* during the tax year in which you met all of the following (see instructions): .....1. \_\_\_\_\_

- a) were a Maine resident,
- b) worked in Maine (see instructions) or were deployed for military service in the U.S. Armed Forces, or worked at least part-time on a vessel at sea, and
- c) paid eligible education loan payments directly to the lender (during any part of the year)

**\*Count any part of a month as an entire month**

2. **Consolidated loans.** Are the eligible education loans you obtained to earn the degree consolidated with other education loans? ..... 2.  Yes  No

If yes, you must prorate your eligible loan payments. Complete lines 2a through 2c below.

**If no enter 1.0000 on line 2c below.**

Note: If your consolidated loan includes noneducational loans, you do not qualify for the educational opportunity tax credit.

|  |     |                  |
|--|-----|------------------|
| a) Enter the amount of education loans obtained to earn the degree listed on page 1, line H that are included in the total consolidated loan ..... | 2a. | <u>\$ 50,000</u> |
| b) Enter the total consolidated loan amount .....  | 2b. | <u>\$ 80,000</u> |
| c) Divide line 2a by line 2b.....  | 2c. | <u>0.6250</u>    |



ELIGIBLE EDUCATION LOAN PAYMENTS paid directly to the lender

3. For each month included on line 1 above, enter in **Column A** the benchmark loan payment amount (see instructions); enter in **Column B** the sum of the loan payment amount(s) **due** each month multiplied by line 2c; enter in **Column C** the sum of your eligible education loan payment amount(s) **paid** each month **directly to the lender** multiplied by line 2c.

|   |       | <b>COLUMN A</b>     |       | <b>COLUMN B</b>       |       | <b>COLUMN C</b>       |
|---|-------|---------------------|-------|-----------------------|-------|-----------------------|
|   |       | FOR EACH MONTH      |       | FOR EACH MONTH        |       | FOR EACH MONTH        |
|   |       | ENTER THE           |       | ENTER THE TOTAL       |       | ENTER THE TOTAL       |
|   |       | BENCHMARK           |       | LOAN PAYMENT          |       | LOAN PAYMENT          |
| <u>MONTH DUE</u>  |       | <u>LOAN PAYMENT</u> |       | <u>AMOUNT(S) DUE*</u> |       | <u>AMOUNT(S) PAID</u> |
| a) January.....   | \$    | <u>367</u>          | \$    | <u>313</u>            | \$    | <u>313</u>            |
| b) February.....  | \$    | <u>367</u>          | \$    | <u>313</u>            | \$    | <u>626</u>            |
| c) March.....   | \$    | <u>367</u>          | \$    | <u>313</u>            | \$    | <u>0</u>              |
| d) April.....   | \$    | <u>367</u>          | \$    | <u>313</u>            | \$    | <u>313</u>            |
| e) May.....   | \$    | <u>367</u>          | \$    | <u>313</u>            | \$    | <u>313</u>            |
| f) June.....  | \$    | <u>367</u>          | \$    | <u>313</u>            | \$    | <u>313</u>            |
| g) July.....  | \$    | <u>367</u>          | \$    | <u>313</u>            | \$    | <u>313</u>            |
| h) August.....  | \$    | <u>367</u>          | \$    | <u>313</u>            | \$    | <u>313</u>            |
| i) September.....   | \$    | <u>367</u>          | \$    | <u>313</u>            | \$    | <u>1,252</u>          |
| j) October.....   | \$    | <u>367</u>          | \$    | <u>313</u>            | \$    | <u>0</u>              |
| k) November.....  | \$    | <u>367</u>          | \$    | <u>313</u>            | \$    | <u>0</u>              |
| l) December.....  | \$    | <u>367</u>          | \$    | <u>313</u>            | \$    | <u>0</u>              |
| <b>Total:</b> (add rows a through l for each column)..... | 3A \$ | <u>4,404</u>        | 3B \$ | <u>3,756</u>          | 3C \$ | <u>3,756</u>          |

\*If your loans were in forbearance or deferment during the year, see the Column B instructions on page 4.

4. **TOTAL ELIGIBLE EDUCATION LOAN PAYMENTS.** Enter line 3A, 3B, or 3C, whichever is smallest.

**Except**, if box I on page 1 is checked, enter on this line, the amount from the Educational Opportunity Tax Credit - Employer/Employee Affidavit, line 5. Also enter this amount on the Educational Opportunity Tax Credit Worksheet, line 1. .... 4 \$ 3,756





|  |              |
|--|--------------|
| 1. <b>Eligible payments.</b> Enter the amount from the Educational Opportunity Tax Credit - Loan Payment Schedule, line 4 or if box I is checked the Employer/Employee Affidavit, line 5.... 1.                            | \$ 3,756 .00 |
| <b>Proration factor. If your education loans include amounts borrowed for credit hours earned toward your degree before January 1, 2008, complete lines 2, 3 and 4. Otherwise, enter the amount from line 1 on line 5.</b> |              |
| 2. Enter the number of credit hours you earned toward your degree <u>after</u> December 31, 2007.. 2.  |              |
| 3. Enter the total number of credit hours earned for your degree (Do not enter more than the total number of credit hours required to earn the degree.)..... 3.  |              |
| 4. Divide line 2 by line 3. (Round the result to four decimal places. Do not enter more than 1.0000.) ... 4.   |              |
| 5. If you completed lines 2, 3 and 4, multiply line 1 by line 4. Otherwise, enter the amount from line 1 ..... 5.  | \$ 3,756 .00 |
| a) <b>Refundable credit.</b> If either box B or box D above is checked, enter the amount from line 5. Also enter this amount on Form 1040ME, Schedule A, line 4..... 5a.   | \$ 3,756 .00 |
| b) If neither box B nor box D above is checked, enter the amount from line 5. .... 5b.   | .00          |
| 6. Enter the carryforward of unused credit amounts from prior tax years..... 6.  | .00          |
| 7. <b>Nonrefundable credit.</b> Add lines 5b and 6. Enter the total here and on Form 1040ME, Schedule A, line 14 ..... 7.  | .00          |

**Note:** MRS may request additional information supporting the credit claimed before the return can be processed.

The credit amount on line 7 cannot exceed your tax due; however, unused credit amounts may be carried forward for up to 10 years - see instructions.

Keep a record of the unused credit amount available for future tax years.



# EOTC Example Results

- **B.S. Criminal Justice (Degree One): \$2,256 *nonrefundable***
- **B.S. Nursing (Degree Two): \$3,756 *refundable***

**Jane has both a refundable and nonrefundable credit. Jane's total tax for 2020 is \$856. Jane claimed no other nonrefundable credits. Therefore, Jane's allowable nonrefundable credits are \$856.**

|   |                |
|---|----------------|
| <b>Nonrefundable credits:</b>           | <b>\$2,256</b> |
| <b>Allowable Nonrefundable credits:</b> | <b>- 856</b>   |
|   | <hr/>          |
| <b>EOTC Carryforward to 2021:</b>       | <b>\$1,400</b> |

# Common Questions



## Degrees Awarded Simultaneously

Under an accelerated degree program, a taxpayer may earn both a bachelor's and a graduate degree simultaneously.

A proration factor is necessary to allocate loans to each degree earned. Used to:

- **Disallow loans related to a graduate degree earned prior to 2016.**
- **Separate loan amounts for the bachelor's and the graduate degree EOTC.**





# Degrees Awarded Simultaneously

$$\frac{\text{Cost of courses taken to earn bachelor's degree}}{\text{Total cost of the bachelor's and graduate degrees}} = \text{Bachelor's degree proration factor}$$

- The proration is usually 80% for the bachelor's degree and 20% for the graduate degree.
- Multiply the proration factor by the amounts due and amounts paid for each individual month.



## Multiple Degrees

Is there a special calculation necessary if a taxpayer separately earns multiple qualifying degrees?

**NO**

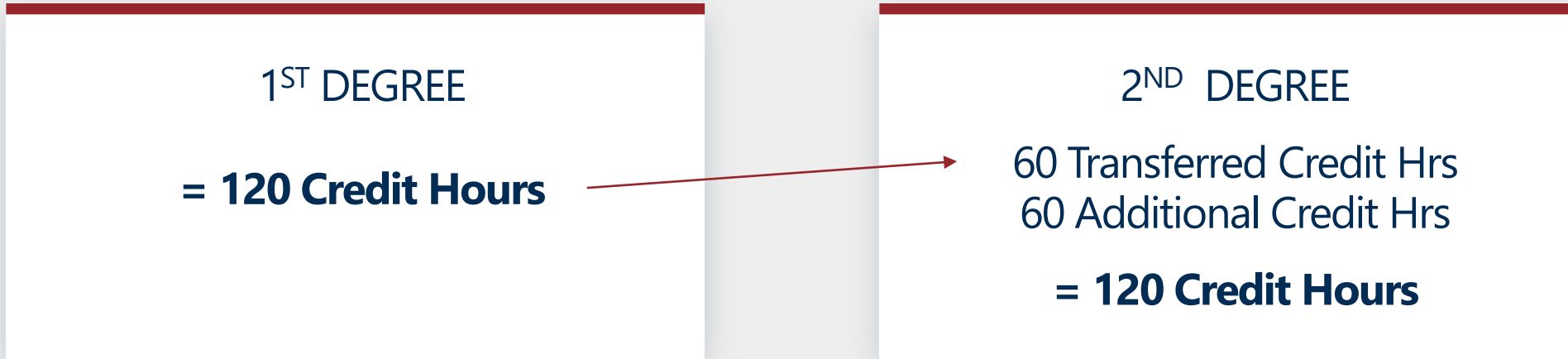
**Calculate the EOTC for each degree making sure to only include loan payments applicable to the credit being claimed for the degree.**

*Note: If the degrees' loans are consolidated, remember to use the consolidation proration factor.*



# Multiple Degrees

Example:



**The loans disbursed for the 1st degree cannot be used to calculate the EOTC for the 2nd degree. Loans disbursed to earn the 60 additional credit hours can only be used to calculate the EOTC for the 2nd degree.**



## Loan payments made by a 3rd party

Taxpayers cannot claim loan payments made by another person, even if the taxpayer compensates that person for making the payments.

The taxpayer may only claim payments they made directly to the relevant lender for an eligible educational loan they obtained.



# Questions?

# Thank you.

*Cover background image by Lee Nachtigal / [CC BY](#)*

