MAINE

1999

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. QUALIFIED SUBCHAPTER S CORPORATION SUBSIDIARIES (QSSS). A law change was made which clarifies that a financial institution that is a QSSS must determine its Maine assets and Maine net income as if the financial institution were required to file federal Form 1120S and apportion income to Maine in accordance with 36 MRSA, §5206-E. This change applies retroactively to tax years beginning on or after January 1, 1997 (36 MRSA, §5206-D, sub-§§12 and 13).**

FORM 1120B-ME

Printed under Appropriation 010.18F.0002.07

IMPORTANT CHANGES

FINANCIAL INSTITUTIONS THAT ARE QUALIFIED SUBCHAPTER S SUBSIDIARIES (QSSS). A change clarifies that a financial institution that is a QSSS must determine its Maine assets and Maine net income as if the financial institution were required to file federal Form 1120S and apportioned to Maine in accordance with 36 MRSA, §5206-E. This change applies retroactively to January 1, 1997 (36 MRSA, §5206-D, sub-§§12 & 13).

JOBS AND INVESTMENT TAX CREDIT. A technical change clarifies that the new retirement, health coverage and income level requirements placed on qualified jobs relate to jobs created after August 1, 1998, but before October 1, 2001 (36 MRSA, 5215(3)(B)).

EMPLOYER-ASSISTED DAY CARE CREDIT. The allowable credit under this section doubles if the day care provided constitutes quality child care as defined by the Department of Human Services, Office of Head Start and Child Care. For tax years beginning on or after January 1, 2001 (36 MRSA, §5217).

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 only if the policy on which the 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 MRSA, §5217-C).

HIGH-TECHNOLOGY INVESTMENT TAX CREDIT. Eligible persons must be "primarily" engaged in high-technology activities. Primarily is defined as "more than 50% of the time" (36 MRSA, §5219-M(1)(D))

CREDIT FOR DEPENDENT HEALTH BENEFITS PAID. Employers who offer a qualified health benefit plan and employ fewer than five 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. The credit is limited to 50% of the income tax due. Any unused credit may be carried over for two years. (36 MRSA, §5219-O(1)).

CLEAN FUEL VEHICLE CREDIT. This credit is based on expenditures for the construction or installation of or improvements to any filling or charging station for the purpose of providing clean fuels to the general public for use in motor vehicles. Clean fuels include compressed natural gas, liquefied natural gas, liquefied petroleum gas, hydrogen, alcohol fuels, electricity, solar energy and others. The credit was changed to clarify that the filling or charging station must be located in Maine (36 MRSA, §5219-P(2)).

QUALITY CHILD CARE INVESTMENT CREDIT. Corporate taxpayers that incur expenses for investments in quality child care services, as defined by the Department of Human Services, Office of Head Start and Child Care, qualify for a credit equal to 30% of the eligible expenditures or $30,000 whichever is less. The credit is nonrefundable. Any unused credit amount may be carried over until exhausted. The credit is also available to individuals. This credit applies to tax years beginning on or after January 1, 2001 (36 MRSA, §5219-Q).

HISTORIC REHABILITATION CREDIT. A taxpayer is allowed a credit equal to the amount of the federal credit for rehabilitation of certified historic structures located in Maine. The credit is nonrefundable and is limited to $100,000 annually per taxpayer. The credit is subject to the same recapture provisions as under the Internal Revenue Code. The credit applies to tax years beginning on or after January 1, 2000 (36 MRSA, §5219-Q).

STATUTE OF LIMITATIONS ON REFUND CLAIMS. The statute of limitations for claiming a refund is three years from the date of the payment of the tax or three years from the date the original return is filed, whichever is later. This change applies retroactively to tax years beginning on or after January 1, 1996 (36 MRSA, §5278(1 & 2)).

EMPLOYMENT TAX INCREMENT FINANCING (ETIF), BASE PERIOD. The base period for determining the labor market unemployment rate and the state unemployment rate is changed from the three most recently reported months preceding the date of application under the program to the twelve most recently reported months preceding the date of application. In determining qualified employees, the average annual per capita income is now calculated relative to the county in which the employees are employed instead of the labor market area in which the employees are employed. Also, the reimbursement period under the ETIF program now begins on the date benefits commence instead of on the date the ETIF program was approved (36 MRSA, c. 917)

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,sub-§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 M.R.S.A. Title 9-B, §131.

2. DATE FOR FILING RETURN: Financial institutions reporting for the calendar year 1999 should file with payment on or before March 15, 2000. 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: The Executive Director may grant a reasonable extension of time for filing a return. The request for extension must be filed by the 15th day of the third month following the close of the taxable year. An extension for filing the return is not an extension for payment of tax. Failure to pay penalties may apply if the tax is not paid by the original due date of the return. Use Maine extension Form 4477ME when requesting an extension to file.

4. PAYMENT OF FRANCHISE TAX: All financial institutions are required to pay estimated tax if the Maine franchise tax liability for the

GENERAL INSTRUCTIONS CONTINUED

taxable year can reasonably be expected to exceed $1,000. See instructions for Form 1120ES-ME for details. Form 1120ES-ME vouchers and instructions may be ordered by calling 207-624-7894 or through the electronic request form on 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 in a timely fashion, 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, 2000** 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 type or print "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 has changed the apportionment formula that 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. It is designed to reflect how financial institutions earn income more accurately than the corporate income tax apportionment formula that was previously used.

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.

The changes apply to tax years beginning on or after January 1, 1997 (see 36 MRSA, §5206-E.

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 combined returns. 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 also 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 combined returns. 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 also 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 when requesting an extension of time for filing, 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

SPECIFIC INSTRUCTIONS CONTINUED

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 supporting 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 MRSA, §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 (36 MRSA, §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 MRSA, §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 (36 MRSA, §5217-B).

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 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 MRSA, §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 MRSA, Chapter 915 are also 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 MRSA, §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 MRSA, §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 MRSA, §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 MRSA, §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 MRSA, §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 MRSA, §5219-P).

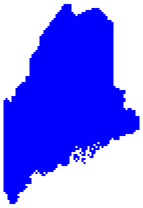
Line 5b. Underpayment Penalty: If the financial institution underpaid estimated tax, attach Form 2220ME.

Line 7a. Credited: Use this block 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.

FORM 1120B-ME

1999



MAINE REVENUE SERVICES
INCOME/ESTATE TAX DIVISION
P.O. BOX 1062
AUGUSTA, ME 04332-1062

MAINE FRANCHISE TAX RETURN FOR FINANCIAL INSTITUTIONS

990841000

For calendar year 1999

or tax year beginning __________ , 1999, ending __________ , _________ .

NAME	FEDERAL EMPLOYER IDENTIFICATION NO.
ADDRESS	BUSINESS CODE (federal)
CITY, TOWN OR POST OFFICE STATE ZIP CODE	DATE INCORPORATED
	STATE OF INCORPORATION

CHECK IF COMBINED RETURN AND ATTACH SCHEDULE CBB ☐	PRINCIPAL PLACE OF ACTIVITY IN MAINE	CITY/STATE WHERE RECORDS ARE MAINTAINED
CONTACT PERSON:	TELEPHONE NUMBER:	PARENT'S FEDERAL EMPLOYER IDENTIFICATION NUMBER

1. **MAINE NET INCOME:**
   a. NET INCOME PER BOOKS (From federal Form 1120, 1120S or 1065) 1a
   b. MAINE NET INCOME (From line 1a above or page 2, Schedule A, line 13) 1b
2. **ASSETS:**
   a. TOTAL END OF YEAR ASSETS (From federal Form 1120, 1120S or 1065) 2a
   b. MAINE ASSETS (From line 2a above or page 2, Schedule A, line 15) 2b
3. **TAX:**
   a. TAX ON MAINE NET INCOME (Not less than zero) line 1b x 0.01 .... 3a
   b. TAX ON ASSETS - line 2b x 0.00008 .... 3b
   c. TOTAL TAX (Add lines 3a and 3b) 3c
4. **CREDITS:**
   a. ESTIMATED TAX PAID 4a
   b. DEPOSIT WITH EXTENSION VOUCHER 4b
   c. PAID WITH ORIGINAL RETURN 4c
   d. NET OPERATING LOSS CREDIT (See instructions) 4d
   e. OTHER CREDITS (See instructions) 4e
   f. TOTAL CREDITS (Add lines 4a through 4e) 4f
5. a. IF LINE 3c IS GREATER THAN LINE 4f, ENTER TAX **BALANCE DUE** 5a
   b. ENTER **PENALTY** for Underpayment of Estimated Tax (Attach Form 2220ME) 5b
   c. TOTAL **AMOUNT DUE** (Add lines 5a and 5b). **PAY IN FULL WITH RETURN** 5c
   (Make check payable to Treasurer, State of Maine)
6. **OVERPAYMENT:** If line 4f is greater than line 3c, enter overpayment 6
7. Amount on line 6 to be:
   a. **CREDITED** to Next Year's Estimated Tax .... 7a   b. **REFUNDED** 7b

THIS RETURN MUST BE ACCOMPANIED BY A LEGIBLE COPY OF THE FEDERAL INCOME TAX RETURN, FEDERAL FORM 1120, PAGES 1 THROUGH 4 (OR EQUIVALENT), FOR THE SAME TAXABLE PERIOD.

Under penalties of perjury, I declare that I have examined this return, including accompanying schedules and statements, and to the best of my knowledge and belief it is true, correct and complete.

DATE   SIGNATURE OF OFFICER   TITLE

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

Mail this return by March 15 to: **Maine Revenue Services, Income/Estate Tax Division, P.O. Box 1062, Augusta, ME 04332-1062**
(fiscal year filers must file this return by the 15th day of the third month following the close of the taxable year)

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980841100

SCHEDULE A - APPORTIONMENT OF INCOME

	(A) Within Maine	(B) Everywhere	(C) Maine Factors Col. (A) divided by Col. (B) x Statutory Weighting Rounded to 6 Decimals
8. **GROSS 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	
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	

INSTRUCTIONS FOR SCHEDULE A, FORM 1120B-ME
APPORTIONMENT OF INCOME
(see 36 MRSA, §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.

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 receipts 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 receipts 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 8c, 9c and 10c does not equal the amount you enter on line 11, your tax liability will not compute accurately.

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 net annual rental rate. Loans and credit card receivables are valued at outstanding principal, without regard to any reserve for bad debt.

990841200

MAINE REVENUE SERVICES
INCOME/ESTATE TAX DIVISION
P.O. BOX 1062
AUGUSTA, ME 04332-1062

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MAINE FRANCHISE TAX

Schedule CBB must be accompanied by a legible copy of the parent's federal consolidated tax return pages 1, 2, 3 and 4 (or equivalent).

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

SCHEDULE CBB
Page 1
FORM 1120B-ME

Line No.	**Column 1** *Financial Institution Name and Operating Address (City and State)	**Column 2** Federal Identification Number	**Column 3** Does this financial institution have Nexus with Maine?		**Column 4** Check Appropriate Column (see below)				**Column 5(A)** Federal Net Income per Books	**Column 5(B)** Total end-of-year assets
			Yes	No	(a)	(b)	(c)	(d)		
1.										
2.										
3.										
4.										
5.										
6.										
7.										
8.										
9.										
10.										
11.										
12.										
13.										
14.										

15. Totals for the Unitary Business	$
16. Federal Consolidated Net Income per Books	$
17. Federal Consolidated total end-of-year assets	$

* Please indicate FSC or 936 corporations

Column 4(a) - Unitary Member of Federal Consolidated Group
Column 4(b) - Non-Unitary Member of Federal Consolidated Group
Column 4(c) - Non-Consolidated Unitary Member, Greater than 50% Ownership
Column 4(d) - Non-Consolidated, Non-Unitary Member, Greater than 50% Ownership

INSTRUCTIONS FOR SCHEDULE CBB AND COMBINED REPORTING

A. SCHEDULE CBB:

Any taxable financial institution with Maine nexus that is a member of an affiliated group, whether or not unitary as defined by Maine law, must complete this schedule. All members of the affiliated group required to file a federal income tax return must be listed on this schedule.

B. COMBINED REPORTING:

A taxable financial institution that is a member of an affiliated group and is engaged in a unitary business must file a combined return based upon federal net income per books and total end-of-year assets. Financial institutions that are part of an affiliated-unitary group, but are not subject to federal income tax are to be excluded from a combined report.

Maine law defines affiliated group to mean a group of two or more taxable entities in which more than 50% of the voting interest 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. A "unitary business" is defined as a business activity that is characterized by unity of ownership, functional integration, centralization of management or economies of scale.

All financial institutions required to file federal returns and that are part of an affiliated-unitary group, including FSCs, are required to be included in the combined report of any taxable financial institution with Maine nexus, even though they have no nexus with Maine.

C. SPECIFIC INSTRUCTIONS - COMBINED REPORTING:

All members of the affiliated group, except those members that are not required to file a federal income tax return, are to be listed on this schedule. The financial institutions listed that check Columns 4(a) or 4(c) form the basis for the Maine return.

In prior years, the combined report was required to be in the form of multiple returns which were filed by each member of the group. Effective for tax years beginning on or after January 1, 1986, a single return may be filed on which the aggregate Maine franchise tax liability of the Maine-nexus members of the unitary group is reported. In addition, a combined report shall be provided which includes, both in the aggregate and by entity: federal net income per books; total end-of-year assets; sales, payroll, property in Maine and everywhere. Schedule CBB, pages 1 and 2 must be completed and filed with Form 1120B-ME.

Line 15. Total the entries in Columns 5 through 8 for only those corporations that check Columns 4(a) or 4(c). Enter the results on line 15 and on the appropriate lines on Form 1120B-ME. Line 15, Column 5(A) of Schedule CBB must agree with line 1a of Form 1120B-ME and line 15, Column 5(B) must agree with line 2a of Form 1120B-ME. The amounts listed on line 15, Columns 6, 7 and 8 of Schedule CBB must agree with those entered on lines 8, 9 and 10 in Columns A and B of Form 1120B-ME.

These instructions are intended only to briefly outline combined reporting.

990841300

MAINE REVENUE SERVICES
INCOME/ESTATE TAX DIVISION
P.O. BOX 1062
AUGUSTA, ME 04332-1062

MAINE FRANCHISE TAX

SCHEDULE CBB
Page 2
FORM 1120B-ME

This section of Schedule CBB must be completed by those financial institutions that are filing a single combined report for all members of a unitary group. See instructions on the reverse side of Schedule CBB, page 1.

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

Line No.	Column 6		Column 7		Column 8	
	A. Receipts in Maine	B. Receipts Everywhere	A. Payroll in Maine	B. Payroll Everywhere	A. Property in Maine	B. Property Everywhere
1.						
2.						
3.						
4.						
5.						
6.						
7.						
8.						
9.						
10.						
11.						
12.						
13.						
14.						
TOTALS 15.						