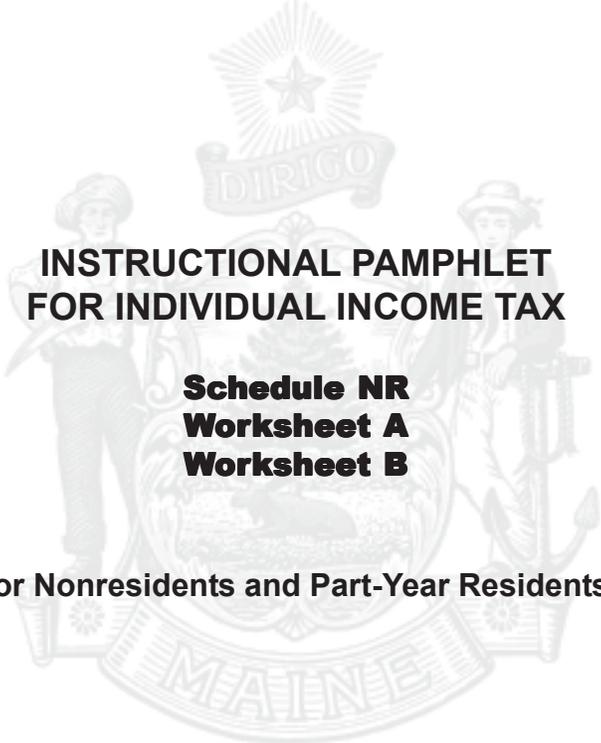


# **MAINE REVENUE SERVICES**

Income/Estate Tax Division  
24 State House Station  
Augusta, ME 04333-0024



## **INSTRUCTIONAL PAMPHLET FOR INDIVIDUAL INCOME TAX**

### **Schedule NR Worksheet A Worksheet B**

**for Nonresidents and Part-Year Residents**

**Use Maine Revenue Services' Web site ([www.maine.gov/revenue](http://www.maine.gov/revenue)) to download tax forms and instructions or obtain tax information, including tax laws and regulations.**

**To receive forms by mail, call (207) 624-7894. The forms line is available every day, 24 hours a day. Please allow two weeks to receive the forms you order.**

**For additional assistance with your tax questions, call (207) 626-8475. The taxpayer assistance lines are available weekdays, 8:00 a.m. - 5:00 p.m.**

**To arrange a payment plan, call (207) 621-4300. The lines are available weekdays, 8:00 a.m. - 5:00 p.m.**

## SCHEDULE NR NONRESIDENTS AND PART-YEAR RESIDENTS ONLY

If you are a part-year resident of Maine and received income during that part of the year you were a resident of Maine, or, if as a nonresident, had income from Maine sources resulting in a Maine income tax liability, you must file a Maine long form (1040ME).\* **However, you may not be required to file if your Maine income is less than \$6,000 or the number of days worked in Maine is 20 or less. See 36 M.R.S.A. § 5142(8).**

*\*Only full-year residents of Maine may file a Maine short form (1040S-ME). If you file a short form return, you will be treated as a resident of Maine for the entire year.*

*For more information regarding residency status, please refer to the Maine Revenue Service “**Guidance to Residency Status**” brochure which can be downloaded at [www.maine.gov/revenue](http://www.maine.gov/revenue).*

Nonresidents and part-year residents who receive income from outside Maine while nonresidents of Maine may be able to claim a nonresident credit. This credit is calculated on Schedule NR using Worksheet A, Worksheet B and, if necessary, Worksheet C. The nonresident credit may be claimed only on the Maine long form (1040ME). Full year residents of Maine may not claim a nonresident credit and should not complete Schedule NR. Do not file Schedule NR if all your income is taxable by Maine.

**Nonresidents and part-year residents must include a complete copy of their federal return (including all schedules and worksheets) with the Maine return when filing, even if they are not eligible to claim a nonresident credit.**

Nonresidents and part-year residents must file a Maine return using the same filing status as properly used on the federal return and must complete **Form 1040ME and Schedule NR** (if not all income is taxable to Maine). However, if one spouse is a full-

year Maine resident and the other spouse is not, and a joint federal return was filed, you have two options:

- (1) You can choose to file a joint Maine return as if both were full-year Maine residents; **OR**
- (2) Each can file a Maine return as a single individual using **Form 1040ME with Schedule NRH** (for more information see *Schedule NRH*). Each return must show the proper residency status. **You may choose this option only if you filed a joint federal return.**

If both spouses are nonresidents, and a joint federal return was filed, but only one spouse has Maine-source income, you have two options:

- (1) You can choose to file a joint Maine return and determine your joint tax liability as nonresidents using **Form 1040ME with Schedule NR; OR**
- (2) The spouse who has Maine-source income can choose to file a return as a single individual using **Form 1040ME with Schedule NRH** (for more information see *Schedule NRH*).

**Maine’s income tax return always begins with federal adjusted gross income, regardless of residency status.** Your tax is first calculated as if you were a resident of Maine for the entire year. Nonresidents and part-year residents must then claim a credit (calculated on Schedule NR using Worksheets A and B, and if necessary, Worksheet C) based on the income that was earned outside Maine while a nonresident of Maine. **(NOTE: Nonresident Servicemembers, see page 11 for special instructions.)**

- ① Do not begin the Maine return with only the income earned in Maine.
- ① Do not subtract the income earned outside Maine as a negative income modification on Maine Schedule 1.

Schedule NR is designed to separate a nonresident's or part-year resident's income between Maine source income and non-Maine source income. Maine source income includes the following:

- 1) All income received while a resident of Maine;
- 2) Salaries and wages earned working in Maine, including any taxable benefits related to those earnings, such as annual and sick leave. **Except**, employees who do not ordinarily work in Maine do not have to file if they worked in Maine for less than 21 days or had no more than \$6,000 in gross income in Maine during the taxable year;
- 3) Income derived from or connected with the carrying on of a trade or business within Maine (including distributive share of income (loss) from partnerships and S corporations operating in Maine);
- 4) Shares of trust and estate income derived from Maine sources;
- 5) Income (loss) attributed to the ownership or disposition of real or tangible personal property in Maine; and
- 6) Maine State Lottery or Tri-State Lottery winnings from tickets purchased within Maine on or after July 13, 1993, including payments received from third parties for the transfer of rights to future proceeds related to Maine State Lottery or Tri-state Lotto tickets purchased in Maine.

Income from intangible sources, such as interest, dividends, annuities, most pensions and gains or losses attributable to intangible personal property, received by a nonresident of Maine is not subject to Maine income tax. However, if that income is related to a business or profession carried on in Maine, it is subject to Maine income tax.

A part-year resident is subject to Maine income tax on all income derived while a resident of Maine, even if the income is received from out-of-state sources, plus any income derived from Maine sources during the period of nonresidence.

**Follow the step-by-step instructions for completing Schedule NR. These instructions are printed on page 28 of the Maine Nonresident or Part-year Resident Income Tax Booklet. Worksheets A and B must be completed prior to completing Schedule NR.**

**Schedule NR, line 1. (Nonresident Servicemembers, see page 11 for special instructions.)** After you complete the Maine return through line 24 based on your total federal adjusted gross income, complete Schedule NR to calculate the amount of your nonresident credit. To complete Schedule NR, line 1:

- 1) Enter your total federal income in Box A (*from Worksheet B, column A, line 15*).
- 2) Enter all Maine source income in Box B, including any income earned in Maine while a nonresident of Maine (*Worksheet B, column B, line 15 plus Worksheet B, column E, line 15*).
- 3) Enter all non-Maine source income in Box C (*Worksheet B, column D, line 15 minus Worksheet B, column E, line 15*). If you included a taxable state income tax refund on your federal return, do not include that refund when completing Worksheet B or Schedule NR.

**Schedule NR, line 2.** If the ratio of non-Maine income to total income calculated on Schedule NR, line 2, is less than 0%, enter 0.0000. If the ratio is 100% or greater, enter the ratio like this: **1.0000**. You may not claim a negative nonresident credit or a nonresident credit that is more than your tax liability otherwise due to Maine. You should always extend the percentage calculations two digits beyond the decimal point; for example, 0.00% (.0000) or 100.00% (1.0000).

**Schedule NR, line 3.** To complete Schedule NR, line 3, Federal Income Adjustments, multiply the amount of federal income adjustments listed on federal Form 1040, line 33 or federal Form 1040A, line 20, by the percentage calculated on Schedule NR, line 2.

**Schedule NR, line 5. (Nonresident Servicemembers, see page 11 for special instructions.)** If you have completed Maine Schedule 1, Income Modifications, you must complete Schedule NR, line 5. Enter the amount of income modifications from non-Maine sources on Schedule NR, lines 5a and 5b as they apply. Generally, for a part-year resident, the amount of the non-Maine source income modification that is from intangible sources (interest, dividends, annuities, etc.) is calculated by multiplying the income by the percentage of the year you were a nonresident. For example, if you were a nonresident for 9 months of the year, you would enter on Schedule NR, lines 5a and 5b as applicable, 75% (9 months divided by 12 months) of the income modifications reported on Maine Schedule 1.

**Schedule NR, line 9.** After completing Schedule NR, any nonresident credit on line 9 is entered on Form 1040ME, line 25. This credit will reduce your Maine taxes for income not taxable to Maine.

- ❶ If you are a nonresident of Maine, and your only income from Maine sources are losses, you do not need to file an income tax return with Maine, because you have no Maine income tax liability. However, you may choose to file a return with Maine if you expect to have positive income from Maine sources in future years and want to avoid having gaps in your filing history.
- ❷ You may not use Maine losses in a prior year to offset Maine income in the current year, unless those losses also appear on the federal return for the current year or the loss relates to a federal NOL carryback disallowed for Maine income tax purposes. (Federal NOL carrybacks with respect to NOLs realized in

tax years beginning after 2001 are not allowed for Maine purposes. The disallowed NOL carryback may be recovered in the allowable carryover period.)

- ❸ For additional information on determining what types of income are subject to Maine tax when received by a nonresident, refer to **Rule 806** under “Laws and Rules” at [www.maine.gov/revenue](http://www.maine.gov/revenue), or call (207) 624-7894, or write to the address on the cover of this pamphlet.

Attached is a sample return for a part-year resident. The instructions in the long form booklet and this pamphlet are used to complete a Maine return for the Jettsons based on the information below:

*Jim and Jennifer Jettson are from New York. They have a six-year-old daughter named Jessica. Jim works as an analyst for a large bank. Effective August 1, 2003, Jim was transferred to Maine while working for the same employer. Jim and his family moved to Maine and became residents of Maine on August 1, 2003. After coming to Maine, Jennifer was able to find a job as a supervisor in a local production facility.*

*In 2003, Jim earned a total of \$37,895 in wages from the bank. He earned \$25,895 in New York and \$12,000 in Maine. Jennifer earned \$20,000 from her job in Maine. From Jim’s pay, \$995 was withheld for New York income taxes and \$600 was withheld for Maine income tax. Jennifer had \$1,000 withheld from her pay for Maine. The Jettsons had \$600 in interest income throughout the year, \$300 of which came from U.S. Government bonds.*

*The Jettsons filed a married joint federal income tax return for 2003 and reported federal adjusted gross income of \$56,495. They contributed \$2,000 to their IRA for the tax year and had total federal itemized deductions of \$8,649, which included state income taxes of \$2,595.*



2003

MAINE INDIVIDUAL INCOME TAX 1040ME LONG FORM



For tax period 1/1/03 to 12/31/03 or 03 to

00

\*0302100\*

Check here if this is a Composite Return (Partnerships, LLCs, and S Corporations only)

STEP 1

Print Neatly in Blue or Black Ink, Using Uppercase Letters Only

DO NOT USE RED INK

NOTE: If either spouse is deceased, enter the date of death on the back of this page in the spaces provided above the signature area.

Form fields for Name (Jim Jettson), Spouse's Name (Jennifer Jettson), Mailing Address (123 ABC Drive), City (Augusta), State (ME), and Zip Code (04330).

IMPORTANT!

You must enter your SSN(s) below.

Form fields for Social Security Numbers: Your Social Security Number (000-00-1234), Spouse's Social Security Number (000-00-4321), Home Phone Number, and Work Phone Number.

Check this box if your name or address has changed since last year. Write your correct name(s), address, and ssn(s) in the spaces provided above. Do NOT use the label if your name or address has changed.

1 Maine Clean Election Fund - (See instructions on page 6.) NOTE: Checking the box will not increase your tax or reduce your refund. YES NO Do you want \$3 to go to this fund ... X If a joint return, does your spouse want \$3 to go to this fund ... X 2 Check here if you were engaged in COMMERCIAL FARMING OR FISHING during 2003. (See Instructions)

STEP 2

Your Filing and Residency Status, Number of Exemptions

FILING STATUS (Check one): 3 Single, 4 Married filing joint return (Even if only one had income), 5 Married filing separate return, 6 Head of household, 7 Qualifying widow(er). RESIDENCY STATUS (Check one): 8 Resident, 9 Part-Year Resident, 10 Nonresident, 11 Nonresident Alien. 12 CHECK IF: You were Spouse was 65 or over, Blind. 13 Enter the TOTAL number of EXEMPTIONS claimed on your federal return: 3

STEP 3

Calculate Your Taxable Income

14 FEDERAL ADJUSTED GROSS INCOME. (From your federal Form 1040EZ, line 4 or 1040A, line 21 or 1040, line 34 or telefile worksheet, line I. If negative, enter a minus sign in the box to the left of the number.) 14 56,495.00 15 INCOME MODIFICATIONS. (From Schedule 1, line 3. If negative, enter a minus sign in the box to the left of the number.) 15 -300.00 16 MAINE ADJUSTED GROSS INCOME. (Line 14 plus or minus line 15. If negative, enter a minus sign in the box to the left of the number.) 16 56,195.00 17 DEDUCTION. X Standard (See Instructions on page 6) Itemized (From Schedule 2, line 7) 17 7,950.00 18 EXEMPTION. Multiply the number of exemptions on line 13 by \$2,850 18 8,550.00 19 TAXABLE INCOME. (Line 16 minus lines 17 and 18. If negative, enter a minus sign in the box to the left of the number.) 19 39,695.00

STEP 4

Calculate Your Tax

20 INCOME TAX. (Find the tax for the amount on line 19 in the tax table on pages 31-35) (If line 19 is negative, enter zero.) 20 2,225.00 21 TAX ADDITIONS. (From Maine Schedule A, line 4.) 21 22 LOW-INCOME TAX CREDIT. If the amount on line 19 is \$2,000 or less and neither you nor your spouse (if married) are claimed as an exemption on another person's tax return and you are not subject to the Maine Minimum Tax, add lines 20 and 21 and enter the total here. NOTE: If you qualify for this credit, you must file a return only if you are claiming a refund. 22 23 TOTAL TAX. (Line 20 plus line 21 minus line 22) 23 2,225.00

STEP 5

Subtract Your Tax Credits

24 TAX CREDITS. (From Maine Schedule A, line 27) 24 25 NONRESIDENT CREDIT. (For nonresidents and part-year residents only) (From Schedule NR, line 9 or NRH, line 11 - You MUST attach a copy of your federal return.) 25 997.00 26 NET TAX. (Subtract lines 24 and 25 from line 23) (Nonresidents see instructions) 26 1,228.00

DO NOT STAPLE OR TAPE FORMS TO YOUR RETURN. ENCLOSE CHECK OR MONEY ORDER AND W-2 OR 1099 FORMS IN THE ENVELOPE WITH YOUR RETURN.





2003

SCHEDULES 1 & 2

See instructions on pages 9 and 10. Enclose with your Form 1040ME

Attachment Sequence No. 2

00

\*0302102\*

Name(s) as shown on Form 1040ME

Your Social Security Number

Jim & Jennifer Jettson

0 0 0 - 0 0 - 1 2 3 4

SCHEDULE 1 — INCOME MODIFICATIONS

1 ADDITIONS to federal adjusted gross income.

- 1a Income from municipal and state bonds, other than Maine
1b Net Operating Loss Recovery Adjustment
1c Maine State Retirement Contributions
1d Fiduciary Adjustment - additions only
1e Bonus Depreciation and Section 179 Add-back
1f Other
1g Total additions

2 SUBTRACTIONS from federal adjusted gross income.

- 2a U.S. Government Bond interest included in federal adjusted gross income
2b State Income Tax Refund
2c Social Security and Railroad Retirement Benefits
2d Pension Income Deduction
2e Interest from Maine Municipal General Obligation Bonds
2f Premiums for Long-Term Care Insurance
2g Maine State Retirement System Pick-Up Contributions
2h Federal Work Opportunity Credit
2i Fiduciary Adjustment-deductions only
2j Other
2k Total Subtractions

3 Net Modification (Subtract line 2k from line 1g — enter here and on 1040ME, page 1, line 15 [May be a negative amount])

SCHEDULE 2 — ITEMIZED DEDUCTIONS

- 4 Total itemized deductions from federal Form 1040, Schedule A, line 28
5 a Income taxes imposed by this state or any other taxing jurisdiction
5 b Deductible costs, included in line 4 above, incurred in the production of Maine exempt income
5 c Amounts included in line 4 that are also being claimed for the Family Development Account Credit
5 d Amount included in line 4 attributable to income from an ownership interest in a flow-through entity financial institution
6 Deductible costs of producing income exempt from federal income tax, but taxable by Maine
7 Line 4 minus lines 5a, b, c, and d plus line 6.

Note: If the amount on line 7 is less than your allowable standard deduction, use the standard deduction. If Married Filing Separately, however, both spouses must either itemize or use the standard deduction.

Jim & Jennifer Jettson

0 0 0 - 0 0 - 1 2 3 4

Attachment
Sequence No. 8

WORKSHEET A
Residency Information Worksheet for Nonresidents/Part-year Residents

Enclose with your Form 1040ME

The following individuals must complete Worksheet A: 1) All part-year residents whether moving into or out of Maine during the tax year; 2) nonresidents who are filing a Maine return for the first time, and 3) former Maine residents who are filing as nonresidents for the first time. Failure to enclose a completed Worksheet A with your 1040ME may delay processing of your return.

1. NAME Yourself: Jim Spouse: Jennifer
a. Social security number 1a. 000-00-1234 000-00-4321
b. Date of birth 1b. 01/30/1964 02/05/1965
c. Occupation 1c. Taxpayer Taxpayer

During 2003: - Unless otherwise indicated, enter "Yes" or "No" on each line.

2. I was domiciled in (Enter state(s)) 2. NY, ME NY, ME
3. I was in the military and stationed in (Enter state or country) 3.
a. My designated state of legal residence is (Enter state) 3a.
4. The number of days I spent in Maine (for any purpose) is 4. 153 153
5. I own(ed) a home/real property in Maine 5. Yes Yes
a. If yes, in what municipality was the property located? 5a.
b. Did you ever apply for a Homestead or Veterans property tax exemption? 5b.
c. Have you disposed of the property? 5c.
If yes, when? (Yourself: Spouse: )
6. I became a Maine resident on (Enter Date) 6.
a. Enter state of prior residence 6a.
b. Registered to vote in Maine 6b.
If yes, when? (Yourself: Spouse: )
c. Purchased a home in Maine 6c.
If yes, when? (Yourself: Spouse: )
d. Obtained a driver's license in Maine 6d.
If yes, when? (Yourself: Spouse: )
e. Registered an auto or other vehicle in Maine 6e.
If yes, when? (Yourself: Spouse: )
7. I moved from Maine and became a nonresident (I established a legal residence in another state) (Enter date of move) 7.
a. Enter new state of residence 7a.
b. Registered to vote in my new state of residence 7b.
If yes, when? (Yourself: Spouse: )
c. Purchased a home in my new state of residence 7c.
If yes, when? (Yourself: Spouse: )
d. Obtained a driver's license in my new state of residence 7d.
If yes, when? (Yourself: Spouse: )
e. Registered an auto or other vehicle in my new state of residence 7e.
If yes, when? (Yourself: Spouse: )
f. If married, did your spouse and dependent children (if any) move to your new state of residence? 7f.
8. Since moving out of Maine, have you:
a. Performed any work or services in Maine. 8a.
If yes, list employer. (Yourself: Spouse: )
b. Registered an auto or other vehicle in Maine 8b.
c. Renewed a Maine driver's license 8c.
d. Voted in Maine, in person or by absentee ballot 8d.
e. Attended or sent your children (if any) to a Maine school 8e.
f. Purchased a Maine resident hunting or fishing license 8f.
g. Listed Maine as your legal residence for any purpose 8g.
h. Obtained or renewed any Maine trade or professional licenses or union memberships 8h.
9. If you answered "yes" to question 5 but have not disposed of the property, what use do you intend to make of it and how often (attach a separate sheet if necessary)?
10. If you answered "no" to question 7(f) please explain the circumstances (attach a separate sheet if necessary):

Jim & Jennifer Jettson

0	0	0	-	0	0	-	1	2	3	4
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Attachment  
Sequence No. 9

### WORKSHEET B

## Income Allocation Worksheet for Nonresidents/Part-Year Residents

(See instructions on page 13) - Enclose with your Form 1040ME

Nonresidents and Part-year residents must complete this worksheet before completing Schedule NR or Schedule NRH

(NOTE: Married persons filing separate Maine income tax returns <b>must</b> complete separate worksheets for each spouse)		Federal Income		Maine Resident Period (Part-year Residents only)			Nonresident Period (Nonresidents & Part-year Residents)		
		Column A Income from federal return	Column B Income from Column A for this period	Column C Income from Column B earned outside of Maine	Column D Income from Column A for this period	Column E Income from Column D from Maine sources			
1. Wages, salaries, tips, other compensation* ...	1	57,895	32,000		25,895				
2. Taxable Interest .....	2	600	250		350				
3. Ordinary dividends .....	3								
4. Alimony received .....	4								
5. Business income/loss .....	5								
6. Capital gain/loss .....	6								
7. Other gains/losses .....	7								
8. Taxable amount of IRA distributions .....	8								
9. Taxable amount of pensions and annuities ...	9								
10. Rental real estate, royalties, partnerships, S corporations, and trusts, etc .....	10								
11. Farm income/loss .....	11								
12. Unemployment Compensation .....	12								
13. Taxable Amount of social security benefits ...	13								
14. Other income (Including lump-sum distributions, but excluding state income tax refunds) .....	14								
15. Add lines 1 through 14 .....	15	58,495	32,250		26,245				

**NOTE: See instructions on page 13 on how to use Worksheet B, line 15 entries to complete line 1 of Schedule NR or Schedule NRH.**

**\*If necessary, use Worksheet C (Employee Apportionment Worksheet) for Nonresidents/Part-Year Residents to calculate the amount for line 1, Column E.** For a copy of Worksheet C go to the Maine Revenue Service Web site at: [www.maine.gov/revenue](http://www.maine.gov/revenue) or call 1 (207) 624-7894 (to order).

**SCHEDULE NR**  
FORM 1040ME  
**2003**

**SCHEDULE for CALCULATING the NONRESIDENT CREDIT  
NONRESIDENTS AND PART-YEAR RESIDENTS ONLY**

This schedule must be enclosed with your **completed Form 1040ME**.

If part-year resident, enter dates you were a Maine Resident

from \_\_\_\_\_ to \_\_\_\_\_ .

\*0302106\*

**00**

Attachment Sequence No. **10**

Name(s) as shown on Form 1040ME

Jim & Jennifer Jettson

Your Social Security Number

0	0	0	-	0	0	-	1	2	3	4
---	---	---	---	---	---	---	---	---	---	---

**WHO MUST FILE SCHEDULE NR?** Nonresident and part-year resident individuals who are required to file a Maine return, but have income not taxable by Maine **and** use the same filing status on the Maine return as used on the federal return. See reverse side for instructions.

**DO NOT FILE SCHEDULE NR IF:** All your income is taxable by Maine **or** if your federal filing status is "Married filing joint" and you elect to file "Single" on the Maine return (use Schedule NRH on page 29). **You do not have to complete Schedule NR if you qualify for the low-income tax credit** (See instructions for Form 1040ME, line 22).

**YOU MUST ENCLOSE A COMPLETE COPY OF YOUR FEDERAL RETURN, including all schedules and worksheets. Enclose copies of W-2 forms from other states or temporary duty (TDY) papers to support your entry in Box C. If you filed your federal return using the IRS Telefile system, attach a copy of your Telefile worksheet to your Maine income tax return.**

**IMPORTANT: Complete Worksheets A and B on pages 25 and 26 before completing Schedule NR.**

**1 INCOME** — (Complete and attach Worksheets A and B on pages 25 and 26):

Box A - From Worksheet B, line 15, column A  
Box B - From Worksheet B, line 15, column B plus column E  
Box C - From Worksheet B, line 15, column D minus column E.....

**Box A  
FEDERAL**

**Box B  
MAINE**

**Box C  
NON-MAINE**

\$ 58,495	\$ 32,250	\$ 26,245
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**2 RATIO OF INCOME:** Divide line 1, Box C by line 1, Box A (If less than 0, enter 0.0000.

If greater than 100, enter 1.0000) ..... .4 4 8 7

COMPLETE THIS SECTION ONLY IF YOU HAVE FEDERAL INCOME ADJUSTMENTS

**3 FEDERAL INCOME ADJUSTMENTS — NON-MAINE-SOURCE ONLY:** Multiply amount on federal Form 1040, line 33, or Form 1040A, line 20 by the percentage listed on line 2. Enter result here .....

897.00

**4 FEDERAL ADJUSTED GROSS INCOME NON-MAINE-SOURCE ONLY:** Subtract line 3 from Line 1, Box C .....

25,348.00

COMPLETE THIS SECTION ONLY IF YOU HAVE INCOME MODIFICATIONS (Form 1040ME, line 15)

**5 INCOME MODIFICATIONS — NON-MAINE-SOURCE ONLY:**

a Additions — Specify \_\_\_\_\_ .....

b Deductions — Specify U.S. Gov't Bond Int - (\$300 x .5833) ..... 175.00

c Total Modifications: line 5a minus line 5b (may be a negative amount) ..... -175.00

**6 NON-MAINE ADJUSTED GROSS INCOME:** Add or subtract line 5c to or from line 4 .....

25,173.00

**7 RATIO OF MAINE ADJUSTED GROSS INCOME:** Divide amount on line 6 by amount from Form 1040ME, line 16. (If less than 0, enter 0.0000. If greater than 100, enter 1.0000.) .....

.4 4 8 0

**8 TAX SUBTOTAL:** Enter from Form 1040ME, line 20 plus line 21 (except for minimum tax) minus line 22 minus Maine Schedule A, lines 5 and 7 .....

2,225.00

**9 NONRESIDENT CREDIT:** Multiply amount on line 8 by line 7. Enter result here and on Form 1040ME, line 25 .....

997.00

## **NONRESIDENT SERVICEMEMBERS:**

On December 19, 2003, President Bush signed the Servicemembers Civil Relief Act (Public Law No. 108-189), which made amendments to the Soldiers' and Sailors' Civil Relief Act of 1940. Section 2 of the law contains a provision which alters the computation of Maine individual income tax for certain nonresidents that will affect Maine returns beginning on or after January 1, 2003 for some military taxpayers.

Section 511(d) of the Act prevents states from including the military compensation of a nonresident servicemember in the total income when computing the applicable rate of tax imposed on other income earned by the nonresident servicemember, or their spouse, that is subject to tax by the state.

Since the 2003 Maine income tax return includes this income in federal adjusted gross income, a deduction must be made on the Maine return for a nonresident servicemember. To deduct the military income of a nonresident servicemember from the Maine taxable income in 2003, use the following instructions:

- 1) Enter the total federal adjusted gross income on Form 1040ME, line 14.
- 2) Complete Form 1040ME, Schedule 1. Include the amount of military compensation of the nonresident servicemember on Form 1040ME, **Schedule 1, line 2j, 'Other'** and enter "*NR military compensation*" in the space provided.
- 3) Complete Form 1040ME, lines 15 through 24.

- 4) Complete Form 1040ME, Worksheet A (if applicable) and Worksheet B for nonresidents/part-year residents. **NOTE: When completing Worksheet B, include the military compensation received by the nonresident servicemember on line 1, columns A and D. This procedure will ensure the proper determination of non-Maine-source income.**
- 5) Complete Form 1040ME, Schedule NR or Schedule NRH (whichever is applicable). **NOTE: The military income of a nonresident servicemember should be included on both line 1, boxes A and C and line 5b of Schedule NR or, in the case of a nonresident military person filing Schedule NRH, the income should be included on line 1 and line 5b, columns A, B and C. This procedure will ensure the proper ratio for the determination of the non-resident credit.**
- 6) Complete 1040ME, lines 25 through 36.

A "servicemember" is defined as a member of the Army, Navy, Air Force, Marine Corps, Coast Guard, a commissioned officer of the Public Health Service or the National Oceanic and Atmospheric Administration. It also includes a member of the National Guard who is under a call to active service authorized by the President or the Secretary of Defense for a period of more than 30 consecutive days for purposes of responding to a national emergency declared by the President and supported by Federal funds.

Any further questions about the computation of Maine individual income tax for certain nonresidents should be directed to the Income/Estate Tax Division of Maine Revenue Services at: [income.tax@maine.gov/revenue](mailto:income.tax@maine.gov/revenue) or call 207-626-8475.