



2004
WORKSHEET FOR MAINE FORM 1120ME
SCHEDULE B, LINE 20
MODIFICATIONS FOR ALTERNATIVE MINIMUM TAX

ADDITIONS:

- 1. **Income taxes** imposed by Maine or any other state (attach schedule) 1 _____
- 2. **Unrelated expenses** (attach schedule) 2 _____
- 3. **Interest from state and municipal bonds** other than Maine 3 _____
- 4. **Net operating loss recovery adjustment**..... 4 _____
- 5. **Loss, expenses, or deductions from ownership interest in financial institutions**
subject to Maine Franchise Tax (see instructions) 5 _____
- 6. **High technology credit add-back** (see instructions) 6 _____
- 7. **Bonus depreciation / section 179 expense add-back** (see instructions) 7 _____
- 8. **TOTAL ADDITIONS** (add lines 1 through 7) 8 _____

DEDUCTIONS:

- 9. **Nontaxable interest** 9 _____
- 10. **Foreign dividend gross-up** 10 _____
- 11. **Work Opportunity Credit and Empowerment Zone Credit**
(attach federal Form 5884 and/or Form 8844, as appropriate) 11 _____
- 12. **Income not taxable under the Constitution of Maine or the U.S.** 12 _____
- 13. **Dividends from certain affiliated corporations** (limitations - see instructions) 13 _____
- 14. **Alternative minimum tax net operating loss deduction carryover**
(limitations - see instructions) 14 _____
- 15. **Income from ownership interest in pass-through entity financial institutions**
subject to Maine Franchise Tax (see instructions) 15 _____
- 16. **State income tax refunds** 16 _____
- 17. **Northern Maine transmission corporation adjustment** (see instructions) 17 _____
- 18. **Bonus depreciation/Section 179 expense recapture** (see instructions) 18 _____
- 19. **TOTAL DEDUCTIONS** (add lines 9 through 18) 19 _____
- 20. **ADJUSTMENT FOR MAINE INCOME MODIFICATIONS** (Line 8 minus line 19)
Enter here and on Form 1120ME, line 20 (may be a negative number) 20 _____

INSTRUCTIONS FOR CALCULATING MAINE INCOME MODIFICATIONS FOR PURPOSES OF ALTERNATIVE MINIMUM TAX

Addition modifications

Line 1. State income taxes imposed by Maine or any other state. Maine does not permit a deduction for income taxes imposed by Maine or any other state. Add back income taxes taken as a deduction on federal Form 1120 or 1120A that are also deducted in calculating federal alternative minimum taxable income (“AMTI”) on Form 4626, line 7.

Line 2. Unrelated expenses. If the corporation listed on Form 1120ME is part of a federal consolidated group, but filing separately for Maine and is not a member of a unitary business group, any expenses incurred by the corporation on behalf of subsidiaries or other members of a group that are not included on this return must be added back to the extent that those expenses are included in Form 4626, line 7. **Attach supporting schedules.**

Line 3. Income from municipal and state bonds, other than Maine. Enter the amount from Maine Form 1120ME, line 4c, less interest from private activity bonds already included in Maine AMTI. This is income from municipal and state bonds and private activity bonds, other than Maine, that is not included in your federal alternative minimum taxable income. For example, enter interest from City of New York bonds on this line. However, do not enter interest from Portland, Maine bonds. See Figure 1 for a summary of the treatment of bond interest.

Line 4. Net operating loss recovery adjustment. (see 36 MRSA § 5200-A).

Enter on this line the amount of Maine income addition modifications that were previously offset by a federal alternative tax net operating loss deduction. For example, if a taxpayer’s alternative tax net operating loss (“ATNOL”) for 2003 (year of the loss) was \$1,000, all carried over to 2004, and the taxpayer had \$500 worth of Maine addition modifications in 2003, \$500 of the ATNOL deduction in 2004 must be added back.

Also enter on this line any amount included in federal ATNOL deduction relating to amounts carried back to this tax year. For example, if the taxpayer has an ATNOL of \$1,000 in 2005, the year of the loss, and that amount is carried back to the 2004 tax year, the \$1,000 must be added back on this line for 2004. The amount of the add-back can be recovered in future tax years.

For more information, see maine.gov/revenue.

Line 5. Ownership interest in a pass-through entity financial institution. Enter any loss or deduction included in federal AMTI attributable to an ownership interest in a pass-through entity financial institution.

Line 6. High-technology credit add-back. Enter on this line the high-technology investment credit base also claimed as a business expense deduction for purposes of calculating federal AMTI.

Line 7. Bonus depreciation/section 179 expense add-back. Enter on this line the amount from Form 1120A-ME or Form 1120ME, line 4g. For more information on this modification, see Form 1120ME, line 4g instructions and the MRS publication “Bonus Depreciation/Section 179 Expense Modification Guidance” at maine.gov/revenue/forms.

Subtraction modifications

Line 9. Nontaxable interest. To the extent included in federal AMTI and net of related expenses, enter interest on U.S. bonds, U.S. Treasury notes, or other obligations of the U.S. government which, by law, are exempt from state taxes, but taxable by the federal government. Also include interest from bonds issued by the State of Maine or Maine municipalities if included in federal AMTI. Include on this line interest from Maine private activity bonds included in alternative minimum taxable income. Taxpayers may subtract from federal AMTI interest income and capital gains from the sale of bonds issued by the Maine Waste Management Agency to the extent included in federal AMTI on Form 4626, line 7. See Figure 1 for a summary of the treatment of private activity and state/municipal bond interest.

Line 10. Foreign dividend gross-up. Enter the amount from federal Form 1120, Schedule C, line 15.

Line 11. Work Opportunity Credit/Empowerment Zone Credit. Enter on this line the amount equal to your federal Work Opportunity Credit (from Maine Form 1120ME, line 2d) to the extent allowed against federal AMT.

Line 12. Income not taxable under the Constitution of Maine or the U.S.: Enter income this state is prohibited from taxing under the constitution or laws of the United States or the constitution of the State of Maine, to the extent included in federal AMTI. The amount entered on this line must be decreased by any expenses incurred in the production of that income to the extent that these expenses are deductible in determining federal AMTI. **Attach a worksheet detailing the amount claimed on this line.**

Line 13. Dividends from affiliates. Enter 50% of the apportionable dividend income the taxpayer received during the taxable year from an affiliated corporation that is not included with the taxpayer in a Maine combined report. Dividends must be included on Form 4626, line 7. In order to be affiliated, a corporation must be more than 50% owned. Although this may include domestic entities, most affiliated corporations not included in a combined report are foreign entities.

Line 14. Net operating loss carryover. Enter on this line amounts previously included on line 4 (net operating loss recovery adjustment) relating to the offset of federal carryback amounts. The aggregate total for all years on this line may not exceed the amount claimed as an addition modification on line 4. See 36 MRSA §§ 5200-A (1)(H) and 5200-A (1)(M) at maine.gov/revenue.

Line 15. Income from financial institutions. Financial institutions are subject to Maine’s franchise tax, regardless of organizational structure. If federal AMTI includes income from ownership of a financial institution that is a pass-through entity (partnership, S corporation, entity disregarded as separate from its owner), enter the amount on this line. Attach federal Schedule K-1 reporting this amount.

Line 16. State income tax refunds. Enter the amount of state income tax refunds from Form 1120A-ME or Form 1120ME, line 2h and included in federal alternative minimum taxable income provided the amount has already been taxed by Maine. This modification may not reduce Maine AMTI to less than zero, and the amount refunded from this state or another state must not have been previously used as a modification. Any unused portion of the modification may be carried forward 20 years.

Line 17. Northern Maine transmission corporation adjustment. Beginning September 18, 1999, bonds, notes, other evidences of indebtedness; interest and profits from bonds, notes, other evidences of indebtedness; and any other income or money of the Northern Maine Transmission Corporation are exempt from state income tax.

Line 18. Bonus depreciation/section 179 expense recapture. The recapture amount claimed in any year is based on the addition modification for which the recapture relates. The recapture amount for minimum tax is the same as the recapture amount as calculated for regular tax on Form 1120A-ME or Form 1120ME, line 2j.

Figure 1.

| Interest type/action | Maine | Non-Maine |
|-------------------------|----------|---------------|
| Private activity bonds | deduct * | no adjustment |
| State & municipal bonds | deduct * | add ** |

* If included in federal AMTI

** If not included in federal AMTI