

# MAINE

# 1997

# CORPORATE INCOME TAX RETURN



## FORM 1120ME

NEW FOR 1997:  
AMENDED RETURN - FORM 1120X-ME  
EXTENSION FORM - FORM 4477ME



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## TAX LAW AND OTHER IMPORTANT CHANGES 1997

**NAME CHANGE.** As of January, 1998 the Bureau of Taxation will be known as *Maine Revenue Services*.

**80/20 CORPORATIONS (36 M.R.S.A. §§5102 & 5244).** For tax years beginning on or after January 1, 1997 80/20 corporations are to be included in the base for Maine net income and combined reporting.

**MULTISTATE TAX COMMISSION (36 M.R.S.A. Part 10).** Maine has become a full-voting member of the Multistate Tax Commission.

**TASK FORCE.** A task force is established to study a single-payment system for state and federal taxes for small business.

**PAYROLL PROCESSING (10 M.R.S.A. Chapter 222).** Effective September 19, 1997 payroll processing companies doing business in Maine are required to register annually with the Maine Revenue Services. Registration must be submitted by January 30 on forms provided by the Bureau. In addition, disclosure must be made to each employer for whom the company provides services as to the length of time the company has provided payroll services and the types of payroll processing services that are contracted out and to whom. The disclosure statement must be provided at the time the employer contracts with the payroll processor and by September 1 of each even-numbered year thereafter.

**MACHINERY AND EQUIPMENT INVESTMENT TAX CREDIT (36 M.R.S.A. §5219-E and §6651).** 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. Although this change effectively repeals the credit for all new machinery and equipment, it allows taxpayers to claim any unused amounts carried over from a prior tax year, up to 5 years. Machinery and equipment on which property taxes are reimbursed pursuant to 36 M.R.S.A. 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). In addition, new legislation also requires that the 12 year reimbursement period under the Business Property Tax Reimbursement Program be reduced one year for every year the qualified equipment was included in the Investment tax credit base.

**SOLID WASTE REDUCTION INVESTMENT TAX CREDIT (36 M.R.S.A. §5219-D).** The Solid Waste Reduction Investment Tax Credit administered by the State Planning Office applies to equipment purchased and placed in service during the periods January 1, 1990 to June 30, 1991 or January 1, 1993 to June 30, 1995. The 15-year carryover for unused Investment Credit has been replaced with carryover provision through tax years ending on or before December 31, 2004.

**RESEARCH & DEVELOPMENT EXPENSE SUPER CREDIT (36 M.R.S.A. §5219-L).** 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 this credit. The credit is equal to the excess over 150% of the 3-year average limited to 50% of the net income tax due after other credits. Furthermore, the credit may not be used to reduce the taxpayer's liability below the net tax liability of the previous year. Carryover provisions apply. Applies to tax years beginning on or after January 1, 1998.

**HIGH TECHNOLOGY CREDIT (36 M.R.S.A. §5219-M).** Businesses that lease, purchase and use, or purchase and lease computer equipment, electronic components and accessories, communications equipment or computer software placed in service in Maine and used in "high-technology activities" qualify. Special restrictions apply. Carryover provisions apply. Applies to tax years beginning on or after January 1, 1998.

**JOBS AND INVESTMENT TAX CREDIT (36 M.R.S.A. §5215).** The credit was expanded to include "used property" which is defined a property originally placed in service by the taxpayer outside Maine. The basis of the property is the original cost minus straight-line depreciation for the number of years the property was used outside Maine. The basis of used property placed into service in Maine before January 1, 1997 is the original cost of the property.

**WORK OPPORTUNITY CREDIT (36 M.R.S.A. §111(1-A) & §5122(2)(B)).** An income modification equal to the federal Work Opportunity Credit is available for tax years beginning on or after January 1, 1996. The federal Work Opportunity Credit replaces the federal New Jobs Credit which was repealed.

**BUSINESS PROPERTY TAX REIMBURSEMENT (36 M.R.S.A. Chapter 915).** Reimbursement of property taxes on eligible business property is currently limited to 12 years. Effective June 12, 1997 the reimbursement period will be reduced by 1 year for every year the qualified equipment was included in the investment tax credit base. The definitions of eligible property and businesses eligible for reimbursement were also amended.

**ELECTRONIC FUNDS TRANSFERS (36 M.R.S.A. §193).** The State Tax Assessor now has the authority to require payroll processing companies to use electronic funds transfer. Also, taxpayers having \$200,000 or more in annual withholding payments or \$400,000 or more in annual payments of any other single tax may be required to make payments via electronic funds transfer.

**ENFORCEMENT (36 M.R.S.A. §184-A).** Any person who intentionally attempts to evade taxes in an amount of \$2,000 or less commits a Class D crime unless the taxpayer has a prior conviction for tax evasion, in which case the taxpayer commits a Class C crime. Any person who intentionally attempts to evade taxes in an amount over \$2,000 commits a Class C crime unless the taxpayer has a prior conviction for tax evasion, in which case the taxpayer commits a Class B crime.

**FAILURE TO FILE PENALTY (36 M.R.S.A. §187-B(1)(A)).** Effective for tax periods beginning on or after January 1, 1997, the penalty for failure to file a return, if the return is filed within 30 days of a demand, is \$25 (up from \$10) or 10% of the tax liability, whichever is greater. The penalty is 100% of the tax liability if the return is filed after 30 days of the demand.

# GENERAL INSTRUCTIONS

**1. CORPORATIONS SUBJECT TO INCOME TAX:** Every entity (including exempt organizations) must file Form 1120ME and pay the applicable Maine corporate income tax if it meets the following criteria:

1. The entity is subject to federal income tax as a corporation and;
2. The entity realizes Maine net income.

**Maine Net Income.** Maine net income is the taxpayer's federal taxable income modified by Maine law and apportionable to Maine. Income is apportionable to Maine if the taxpayer conducts business in Maine or owns or uses property in Maine in a corporate capacity.

**Conducting business in Maine** - without limitation, a corporation conducts business in Maine if it engages in any of the following activities in this state:

1. Maintains an office or other place of business;
2. Executes a contract;
3. Exercises or enforces contract rights;
4. Buys, sells or procures services or property; or
5. Employs labor.

**Owning or using property** - without limitation, a corporation owns or uses property in Maine if it:

1. Owns property that is held by another person in this state under a lease, consignment or other arrangement;
2. Uses in this state property that it holds under a lease, license or other arrangement; or
3. Maintains a stock of goods in this state.

**Exception for Certain Activities under Public Law 86-272.** A foreign corporation that does business in Maine or owns or uses property in Maine is not subject to the Maine income tax if its activities in the State are all activities that are set forth in Public Law 86-272.

**a. Solicitation Activities.** P. L. 86-272 precludes Maine from imposing a tax on the income of a foreign corporation if the sole activity of the corporation in this State is the solicitation by the corporation's representatives ( in the name of the corporation or in the name of a prospective customer) of orders for the sale of tangible personal property, provided that the orders are sent outside of the State of Maine for approval or rejection, and provided that the orders are filled by shipment or delivery outside of Maine.

**Limitations.** P.L. 86-272 restricts a state's tax jurisdiction with respect to sales solicitation activities only if the taxpayer's activity is limited to solicitation of orders for the sale of **tangible personal property**. P.L. 86-272 does not afford protection in the following circumstances:

1. A combination of solicitation activities and non-solicitation activities in Maine;
2. The solicitation of orders for the sale or provision of **services**, either standing alone or in combination with the solicitation of orders for tangible property. Some examples of the combined sale of services and tangible personal property are photographic development and the provision of architectural or engineering services; and

3. The solicitation of orders for the sale, lease, rental, license, or other disposition of **real property** or **intangibles**.

**b. De minimis activities.** Non-solicitation business activities conducted by a corporation in Maine will not subject the corporation to taxation if the activities, taken together, are *de minimis*. For additional information, request a copy of Rule 808.

**2. CORPORATIONS NOT SUBJECT TO THE MAINE CORPORATE INCOME TAX:** Corporations that elect to file under Subchapter "S" of the Internal Revenue Code (except those with federal taxable income at the corporate level), insurance companies subject to tax under 36 M.R.S.A., Chapter 357 (Insurance Premiums Tax and Fire Investigation and Prevention Tax) and financial institutions subject to tax under 36 M.R.S.A., Chapter 819 (Franchise Tax) are not subject to Maine corporate income tax. Corporate small business investment companies, licensed under the United States Small Business Investment Act of 1958 that are commercially domiciled in Maine and do business primarily in Maine are also not subject to this tax.

**a. LIMITED LIABILITY COMPANIES:** Maine law allows for the formation of limited liability companies. It provides that a domestic limited liability company or foreign limited liability company doing business in Maine is classified as a partnership for Maine income tax purposes, unless classified otherwise for federal income tax purposes, in which case the limited liability company is classified in the same manner for Maine income tax as for federal income tax purposes.

**b. BANKING INSTITUTIONS SUBJECT TO FRANCHISE TAX:** Every corporation that is a financial institution, except a credit union, any service corporation or subsidiary as defined in 9B M.R.S.A., §131 and any financial institution holding company that is doing business in this state must file Form 1120B-ME and pay Maine franchise tax. **Do not use Form 1120ME.**

**3. DATE FOR FILING RETURN:** Corporations reporting for the calendar year 1997 should file, with payment, on or before March 16, 1998. Fiscal year taxpayers should file, with payment, on or before the 15th day of the third month following the close of the taxable year.

**4. 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 - even if no additional tax is due. The Maine extension period is the same as the federal extension plus 30 days. Use extension Form 4477ME provided in this booklet to request an extension. If you owe money, you must pay at least 90% of that amount by the original due date for filing your return in order to avoid the penalty for late payment of tax.

**5. PAYMENT OF CORPORATE INCOME TAX:** All corporations subject to income taxes shall make payments of estimated tax unless the liability for the current taxable year or for the prior tax year reduced by any allowable credits is less than \$500. See instructions for Form 1120ES-ME for details.

# GENERAL INSTRUCTIONS CONTINUED

**6. INTEREST:** Interest at 10% per annum, compounded monthly, will be added to the balance of any tax due from the original due date to the date of payment and should be included with any payment.

## 7. PENALTIES:

**a. Underpayment of estimated tax penalty** For calendar years 1997 and 1998, the penalty is 10% per annum compounded monthly. The penalty will be assessed if the sum of quarterly estimated tax payments is not at least equal to the lesser of the previous year's Maine income tax liability or ninety percent (90%) of the tax liability for the current year. Exception: certain large corporations cannot use the previous year's liability in determining the required amount of estimated tax payments.

**b. Late filing - late payment penalties.** If a past due return is filed before the receipt or within 30 days of the receipt of a demand notice, the penalty for failure to file is the greater of \$25 or 10% of the amount of tax due. If the return is filed more than 30 days after the receipt of a demand notice, the failure to file penalty increases to 100% of the tax otherwise due.

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

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

## 8. ACCOUNTING PERIOD COVERED BY RETURN:

Your Maine return covers the same accounting period as your federal corporate return.

## 9. ACCOUNTING METHODS:

A taxpayer's accounting method for Maine income tax purposes must be the same as that used for federal income tax purposes.

## 10. ADDITIONAL FORMS TO ACCOMPANY STATE RETURN:

**a.** The Maine corporate return, Form 1120ME, must be accompanied by a legible copy of the corporation's federal return, Form 1120, pages 1 through 4, for the same taxable period (if a member of a **Federal Consolidation**, the federal return, Consolidated Form 1120, pages 1 through 4 must be provided).

**b.** Any corporation subject to Maine corporate income tax that is a member of an affiliated group, whether or not unitary as defined by Maine law, **must complete Schedule CB**. Exempt organizations filing the Maine corporate return, Form 1120ME, must attach a legible copy of the corporation's federal return, Form 990T.

## 11. FILING REQUIREMENTS FOR S CORPORATIONS AND PARTNERSHIPS:

S corporations and partnerships that have Maine source income or that have resident shareholders or partners are required to file an information return consisting of Form

1065ME/1120S-ME, a copy of the federal return and Schedules K-1. If you are filing an information return for an S corporation that does not have taxable income at the corporate level, do not file Form 1120ME.

Shareholders and partners are subject to Maine income tax. Those who are nonresident individuals and who have no other Maine source income may satisfy the filing requirement with a composite return. In that event, the entity would file a return on behalf of its shareholders or partners using Form 1040ME labeled "composite return." For additional information, see Rule 805.

S corporations that incur federal taxable income (e.g. certain capital gains and certain built-in gains) that are taxed at the corporate level are required to file Form 1120ME and report only the income on Form 1120ME that is taxed at the corporate level for federal purposes.

## 12. FEDERAL AUDIT CHANGES AND AMENDED RETURNS:

All taxpayers must file a Maine amended return for any change or correction by the Internal Revenue Service in federal taxable income within 90 days after final determination of such change or correction. Attach a copy of the Internal Revenue Agent's report with all supporting schedules to your Maine amended return, Form 1120X-ME.

Any taxpayer filing an amended federal income tax return must, within 90 days, file an amended Maine income tax return and attach a copy of federal Form 1120X. When filing returns that reflect federal net operating losses, a copy of federal Form 1139 must be attached.

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

## 13. MAINE SALES AND USE TAX INFORMATION:

Taxable items bought from out-of-state sellers that do not collect Maine sales tax are subject to a "use" tax. The use tax equals 6% of the purchase price where no sales tax has been paid. Note that use tax is also due on mail orders where there is no sales tax. There is no use tax liability on purchases where sales tax has been **paid** to states with at least a 6% sales tax. If you are registered for sales/use tax purposes and are receiving returns, report purchases on the applicable "Taxable Purchases" line of that return. Call 207-287-2336 if you have questions about Maine Use Tax Law.

**14. ELECTRONIC FUNDS TRANSFER:** Corporate taxpayers may be eligible to remit payments electronically. You must be able to use the ACH Credit Method to be eligible. The ACH Credit Method means that you can initiate the payment instructions to your bank. To obtain an application or to get more information, call 207-287-8276 or write: EFT Unit, Maine Revenue Services, 24 State House Station, Augusta, ME 04333-0024.

The ACH Credit Method application can also be downloaded from: [www.state.me.us/revenue](http://www.state.me.us/revenue) by selecting the electronic funds transfer option and then ACH Credit Method Application.

# AFFILIATED/UNITARY BUSINESS

## Combined Reporting

A taxable corporation that is a member of an affiliated group and is engaged in a multi-corporate unitary business must file a combined report based on the federal taxable income of the unitary group. Corporations that are part of an affiliated unitary group but are not required to file a federal income tax return are to be excluded from the combined filing.

Maine defines “**affiliated group**” to mean a group of two or more corporations in which more than 50% of the voting stock of each member corporation is directly or indirectly owned by a common owner or owners, either corporate or non-corporate, or by one or more of the member corporations. A “**unitary business**” is one that is characterized by a unity of ownership, functional integration, centralization of management and economies of scale. The cumulative effect of these characteristics is analyzed to determine if the affiliated businesses are unitary.

**Unity of ownership** is generally demonstrated when 50% or more of the voting stock is owned directly or indirectly by a common owner or owners, either corporate or non-corporate, or by one or more of the member entities.

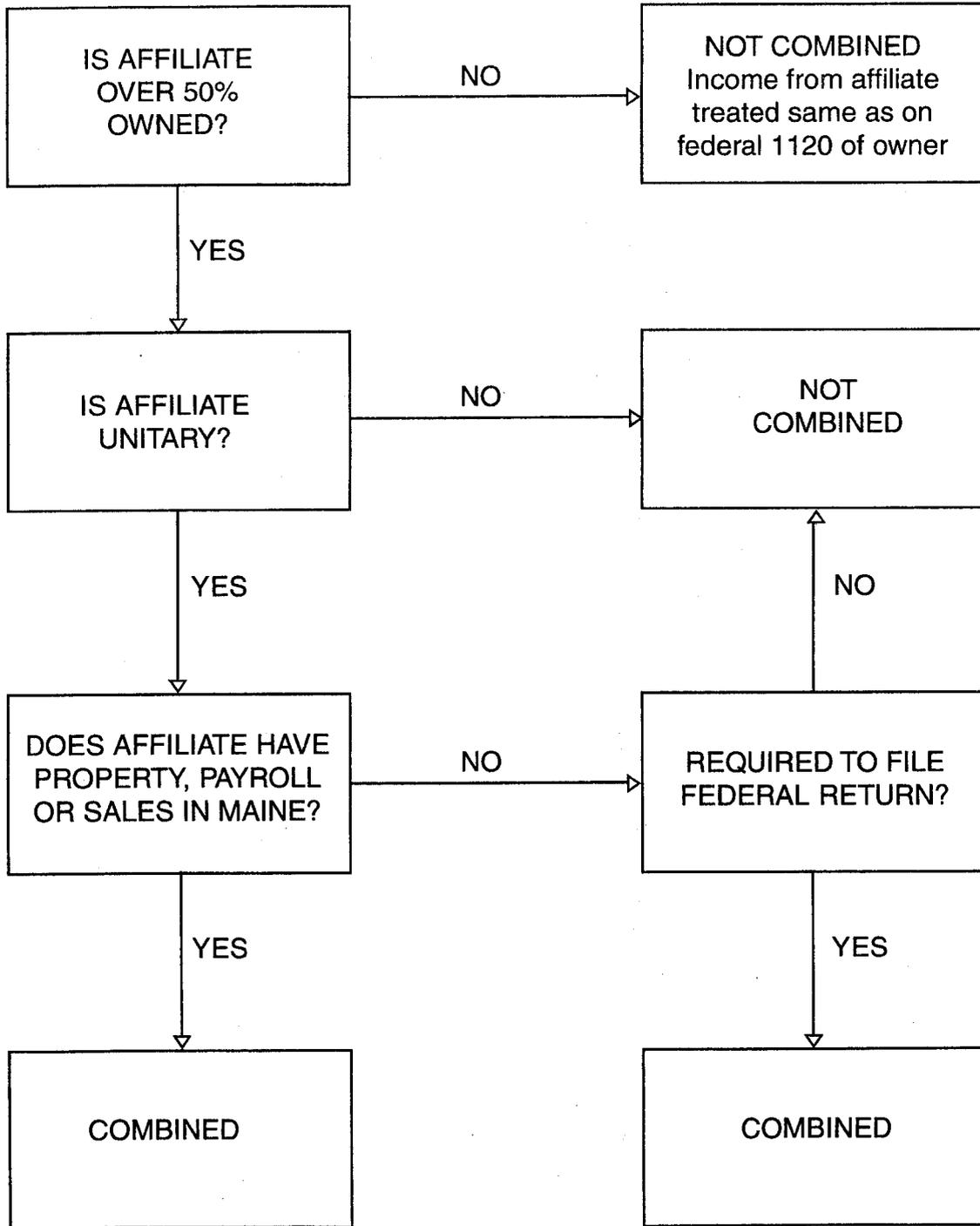
**Centralized Management** is indicated when directors, officers, and/or other management personnel jointly participate in management decisions which effect the respective companies. Centralized management still exists when day-to-day management responsibilities are decentralized, as long as the overall strategy of the whole group is affected centrally. Other indicators of centralized management include management actions to ensure that the business segments are operated for the benefit of the entire group and not just for their own individual interest, transferring knowledge and expertise among the segments, common standards of professionalism, profitability and/or ethical practices, transferring or rotating of officers or other management employees among the business segments.

**Functional integration** refers to transfers between or pooling among business segments that significantly effect the business operations of the segments. There is no specific type of functional integration that must be present. Facts suggesting the presence of functional integration should be analyzed for their cumulative effect and not in isolation. Functional integration can be illustrated by: common marketing, intercompany sales, exchanges or transfers of products, services or intangibles, common distribution systems, common purchasing, etc.

**Economies of Scale** exist when companies interact to achieve, or have the potential to achieve a decrease in the cost of production or in the cost of administrative functions due to the increase in size of the combination. Economies of scale may exist from the inherent cost savings that arise from the presence of functional integration or centralization of management.

**See Schedule CB and instructions on pages 17-20 for additional information on combined reporting.**

# MAINE COMBINED REPORTING DECISION TREE



**Note: For tax years beginning on or after January 1, 1997, 80/20 corporations must be included in the base for Maine net income and combined reporting.**

# NET OPERATING LOSS CARRYBACKS/CARRYOVERS

The Maine income tax law does not provide a carryover or carryback of a Maine Net Operating Loss. Accordingly, such a loss may be carried over or back only to the extent that it results in a federal NOL deduction in another year.

**EXAMPLE 1:** Corporation X acquires corporation Y at the start of year 1. X and Y are not engaged together in a unitary business. X has nexus with Maine; Y does not. In all years, X files a separate return on Maine Form 1120ME.

Year 1: X Federal Taxable Income (FTI) is (\$80); Y FTI is \$100. The corporations elect to file a federal consolidated Form 1120; the loss and gain are combined. The result is a \$20 FTI; there is no operating loss for the federal consolidated group. X FTI for Maine purposes is (\$80).

Year 2: X and Y each have FTI of \$100. Because the federal consolidated group had no NOL carryover deduction for federal income tax purposes, there is no NOL carryforward for Maine income tax purposes.

**EXAMPLE 2:** Corporation A acquires corporation B at the start of Year 1. These entities are unitary. A has nexus with Maine, B does not. At the start of Year 1, B has accrued federal NOLs prior to its acquisition by A. B uses NOL carryovers to determine Year 1 FTI on federal consolidated Form 1120.

Corporation A and corporation B file a Maine combined report for Year 1. For purposes of this combined report (and computation of A's Maine net income), the FTI of the unitary business is the total of A's FTI and B's FTI, which includes a line 29 deduction of B's pre-acquisition NOLs.

## Net Operating Loss Recovery Adjustment (Form 1120ME, line 4d). This includes:

- (1) The amount of any net operating loss for this taxable year which has or will be carried back to previous taxable years pursuant to the Internal Revenue Code, §172 and;
- (2) The amount of any net operating loss carryover deduction claimed in this taxable year under Internal Revenue Code, §172 which has been previously used to offset Maine modifications to federal taxable income (FTI).

The following example illustrates the NOL Recovery Adjustment:

|                         | <u>NOL Year</u> | <u>Carryback Years</u> |          |         |
|-------------------------|-----------------|------------------------|----------|---------|
|                         | 1996            | 1993                   | 1994     | 1995    |
| FTI .....               | (60,000)        | 30,000                 | 25,000   | 60,000  |
| NOL Carryback from 1996 |                 | (60,000)               | (30,000) | (5,000) |
| Amended FTI .....       |                 | (30,000)               | (5,000)  | 55,000  |

## Maine Modifications

|  |        |          |        |        |
|--|--------|----------|--------|--------|
| Income taxes imposed by Maine and other states .       | 12,000 | 10,000   | 8,000  | 9,000  |
| NOL adjustment .....                                   | 60,000 |          |        |        |
| Addback of previously offset Maine modifications ..... |        |          | 10,000 | 5,000  |
| Maine Taxable Income .....                             | 12,000 | (20,000) | 13,000 | 69,000 |

For additional information concerning the NOL recovery adjustment, request a copy of Rule 807.

# SPECIFIC INSTRUCTIONS

**Line 1. FEDERAL TAXABLE INCOME.** Enter federal taxable income from line 30 of federal Form 1120 or line 26 of federal Form 1120A, unless the corporation is an S corporation. For S corporations, the corporate level federal taxable income would be entered on line 1 of the Maine corporate return. Corporations that are members of an affiliated unitary group should refer to the "Combined Reporting Instructions" on pages 5 and 6 and on Schedule CB.

**Line 2a. NONTAXABLE INTEREST:** 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.

Interest from bonds issued by Maine municipalities is exempt from Maine income tax even if taxed on the federal return. Taxpayers may subtract from federal taxable income interest income and capital gains from the sale of bonds issued by the Waste Management Agency to the extent included in federal taxable income.

**Line 2b. FOREIGN DIVIDEND GROSS-UP:** Enter the amount from federal Form 1120, Schedule C, line 15.

**Line 2c. WORK OPPORTUNITY CREDIT:** Enter on this line an amount equal to your federal Work Opportunity Credit.

**Line 2d. INCOME NOT TAXABLE UNDER THE CONSTITUTION OF MAINE OR THE U.S.:** Enter non-unitary income this state is prohibited from taxing under the constitutions of the United States or the State of Maine. The amount must be decreased by any expenses incurred in the production of that income to the extent that these expenses are deductible in determining federal taxable income.

**Line 2e. DIVIDENDS FROM AFFILIATED CORPORATIONS:** Enter 50% of all apportionable dividends from affiliated corporations that are not included by the taxpayer in a Maine combined report. Dividends must be included in federal taxable income, line 1.

**Line 2f. NET OPERATING LOSS DEDUCTION CARRYOVER:** If you have a net operating loss for tax years beginning in 1989, 1990, 1991 or 1992 that was carried back for federal purposes but not allowed for Maine, you are allowed a deduction on this line as a net operating loss carryover. However, the net operating loss carryover cannot reduce Maine net income to less than zero.

**Line 4a. 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.

**Line 4b. UNRELATED EXPENSES:** If the corporation(s) listed on this return is (are) part of a group, but filing separately for Maine, any expenses incurred by the corporation(s) on behalf of subsidiaries or other members of a group that are not included on this return must be added back. Attach supporting schedules.

**Line 4c. INTEREST ON STATE AND MUNICIPAL BONDS OTHER THAN MAINE:** Corporations must add interest on state and municipal bonds that originate outside Maine to federal taxable income for Maine income tax purposes.

**Line 4d. NET OPERATING LOSS RECOVERY ADJUSTMENT:** Enter on this line:

(1) The amount of any net operating loss for this taxable year which has or will be carried back to previous taxable years pursuant to Internal Revenue Code, §172, and;

(2) The amount of any net operating loss carryover deduction claimed in this taxable year under Internal Revenue Code, §172, which has previously been used to offset Maine modifications to federal taxable income. (36 M.R.S.A., §5200A, sub-§1). See example on page 7.

**Line 6. MAINE TAXABLE INCOME:** Corporations that are not part of an affiliated-unitary group and have income solely from business activity within Maine enter on line 6 the same amount as on line 5. Corporations having income from within and outside the state apportion income on Schedule A and enter on this line the amount shown on line 17 of Schedule A. All corporations that are members of an affiliated-unitary group must complete Schedule A. See Combined Reporting Instructions on pages 5 and 6 of this booklet and the instructions on Schedule CB.

**Line 7a. MAINE CORPORATE INCOME TAX:** For tax years beginning in 1997, the Maine corporate tax rate is as follows:

If the Maine taxable income (MTI) is:

| Greater Than | But not over | The tax is:                                    |
|--------------|--------------|--|
| \$ 0         | \$ 25,000    | 3.5% of Maine Taxable Income                   |
| 25,000       | 75,000       | \$ 875 plus 7.93% of the excess over \$ 25,000 |
| 75,000       | 250,000      | 4,840 plus 8.33% of the excess over \$ 75,000  |
| 250,000      | or more      | 19,417 plus 8.93% of the excess over \$250,000 |

In the case of an affiliated group of corporations subject to Maine tax and engaged in a unitary business, the respective preferential rates are applied only to the first \$250,000 of Maine net income of the entire group and are divided equally among the taxable corporations unless those taxable corporations jointly elect a different assignment. The balance of Maine net income of the entire group is taxed at 8.93%. Attach a schedule to show income assignment to each corporation.

**Line 7b. MINIMUM TAX:** Minimum tax is imposed, for each taxable year, upon every corporate taxpayer required to file a Maine corporate income tax return. Complete Schedule B to compute the amount to be entered on this line.

**Lines 8a and b. CREDITS:** These lines are for taxpayers that have made estimated tax payments and deposits when requesting an extension of time for filing.

**Line 8c. OTHER CREDITS:** The amount on this line cannot exceed the tax liability on line 7c of Form 1120ME.

**Line 9b. PENALTY FOR UNDERPAYMENT OF ESTIMATED TAX:** If the corporation underpaid estimated tax, complete and attach Form 2220ME to the corporate return.

**Line 11a. AMOUNT OF LINE 10 YOU WISH CREDITED:** Use this block only if you want to have all or part of the overpayment on line 10 applied as a payment to your next year's estimated Maine corporate income tax.

**Line 11b. AMOUNT TO BE REFUNDED:** Enter here the difference between lines 10 and 11a. Refunds of \$1.00 or more will be mailed to you.

# SCHEDULE A INSTRUCTIONS

**GENERAL INSTRUCTIONS:** Schedule A is for corporations engaged in interstate business. Maine employs a three-factor formula to determine the percentage of corporate income that is apportioned to Maine. This percentage is derived from a fraction, the numerator of which is the property factor plus the payroll factor plus twice the sales factor, and the denominator of which is 4. If the apportionment provisions do not fairly represent the extent of the taxpayer's business activity in this state, the taxpayer may petition for, or the Executive Director may require, in respect to all or any part of the taxpayer's business activity:

- (a) Separate accounting;
- (b) The exclusion of any one or more of the factors;
- (c) The inclusion of one or more additional factors which will fairly represent the taxpayer's business activity in this state; or
- (d) The employment of any other method to effectuate an equitable apportionment of the taxpayer's income.

"Tax period," referred to in instructions for lines 12, 13 and 14, means the period represented by adjusted federal taxable income on line 5 of Form 1120ME.

"Sales" means all gross receipts including trade sales, dividends, interest, rents and royalties.

Those corporations that are members of an affiliated-unitary group should see further instructions on Schedule CB.

## SPECIFIC INSTRUCTIONS

**Line 12. SALES FACTOR:** The sales factor is a fraction, the numerator of which is the total sales of the taxpayer in the state during the tax period, and the denominator of which is the total sales of the taxpayer everywhere during the tax period.

**Sales of tangible personal property** are attributed to Maine if (1) the property is delivered or shipped to a purchaser, other than the United States Government, in Maine, regardless of the F.O.B. point or other conditions of the sale, or (2) the property is shipped from an office, store, warehouse, factory or other place of storage in Maine and the purchaser is the United States Government or the taxpayer is not taxed in the state of the purchaser.

**Sales, other than sales of tangible personal property,** are attributed to Maine if (1) the income-producing activity is performed in this state, or (2) the income-producing activity is performed both in and outside Maine, and a greater proportion of the income-producing activity is performed in this state than in any other state, based on costs of performance.

**Line 13. PAYROLL FACTOR:** The payroll factor is a fraction, the numerator of which is total compensation paid in Maine during the tax period by the taxpayer, and the denominator of which is total compensation paid everywhere during the tax period. "Compensation" means wages, salaries, commissions and any other form of remuneration to employees for personal services, including deferred compensation. Compensation is paid in Maine if (1) the individual's service is performed entirely within this state, (2) the individual's service is performed both within and outside Maine, but the service performed outside the state is incidental to the individual's service within Maine, or (3) some of the service is performed in this state and the base of operations (or, if there is no base of operations, the place from where the service is directed or controlled) is not in any state in which some part of the service is performed, but the individual's residence is in Maine.

**Line 14. PROPERTY FACTOR:** The property factor is a fraction, the numerator of which is the average value of the taxpayer's real and tangible personal property (including inventory) owned or rented and used in Maine during the tax period and the denominator of which is the average value of all the taxpayer's real and tangible personal property (including inventory) owned or rented and used during the tax period. Property owned by the taxpayer is valued at original cost.

Property rented by the taxpayer is valued at 8 times the net annual rental rate. Net annual rental rate is the annual rental rate paid by the taxpayer less any annual rate received by the taxpayer from subrentals. The average value of the property shall be determined by averaging the values at the beginning and ending of the tax period, but the tax assessor may require the averaging of monthly values during the tax period if reasonably required to reflect properly the average value of the taxpayer's property.

**Line 16.** Enter adjusted federal taxable income from page 1, line 5 of Form 1120ME.

# SCHEDULE C INSTRUCTIONS

**29a. Maine Seed Capital Tax Credit:** Enter on this line the tax credit as authorized by the Finance Authority of Maine. A copy of the tax credit certificate must be attached to the return. The amount of credit is subject to limitations as outlined in 36 M.R.S.A. §5216-B.

**29b. Jobs and Investment Credit:** A tax credit for qualifying jobs and investment is entered on this line. Eligibility for the credit requires the addition of \$5 million of IRC §38 property based on the Internal Revenue Code of 1954, as of December 31, 1985 §38(b)(1), and 100 new jobs in the 24-month period following the date the property was placed in service. For further details see 36 M.R.S.A. §5215.

**29c. Employer-Assisted Child Care Tax Credit:** A taxpayer constituting an employing unit is allowed a credit for providing or paying day care expenses of employees subject to the limitations of 36 M.R.S.A. §5217. The tax credit is limited to the lowest of \$5,000, 20% of the cost incurred or \$100 for each child of an employee of the taxpayer enrolled on a full-time basis. 36 M.R.S.A. §5217.

**29d. 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 subject to the limitations of 36 M.R.S.A. §5217-B. 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. Any unused credit may be carried over for a period not to exceed 15 years.

**29e. 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. Although this change effectively repeals the credit for all new machinery and equipment, it allows taxpayers to claim any unused amounts carried forward from a prior tax year, up to 5 years. Machinery and equipment on which property taxes are reimbursed pursuant to 36 M.R.S.A. 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). In addition, new legislation also requires that the 12 year reimbursement period under the Business Property Tax Reimbursement Program be reduced one year for every year the qualified equipment was included in the investment tax credit base.

**29f. 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 M.R.S.A. §5219-D).

**29g. 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. **The credit applies to tax years beginning on or after January 1, 1996.**

**29h. Maine Minimum Tax Credit:** A minimum tax credit is available for tax years beginning on or after January 1, 1992. This credit is modeled after the federal alternative minimum tax credit. Complete Schedule D on page 4 of Form 1120ME to calculate your credit.

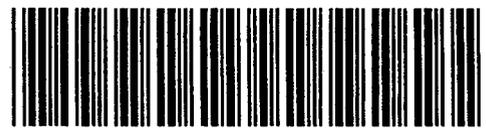
**(NOTE: The total of Schedule C cannot exceed the tax liability on line 7c of Form 1120ME.)**

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



MAINE CORPORATE SHORT FORM
INCOME TAX RETURN

1997



970010700

For Calendar 1997 or Tax Year Beginning in 1997

FORM 1120A-ME

For Tax Period [ ] / [ ] / 1997 - [ ] / [ ] / [ ]

Federal Employer ID Number [ ] - [ ]

Name [ ]

Federal Business Code [ ]

Address [ ]

State of Incorporation [ ]

City, Town or Post Office [ ] State [ ]

ZIP Code [ ] - [ ]

Contact Person First Name [ ]

Last Name [ ]

Phone Number [ ] - [ ] - [ ]

CHECK APPLICABLE BOXES: [ ] (1) Initial return [ ] (2) Final return [ ] (3) Change of address TO AMEND, FILE FORM 1120X-ME

Note: Line numbers for this form correspond to the same line numbers on Form 1120ME (see specific instructions)

Table with 3 columns: Line number, Description, and Amount. Rows include Federal taxable income, Maine taxes, Maine taxable income, Maine corporate income tax, extension payments, tax due, overpayment, and overpayment to be credited/refunded.

A CORPORATION MUST MEET ALL OF THE FOLLOWING REQUIREMENTS TO BE ALLOWED TO FILE USING THE SHORT FORM 1120A-ME

- 100% of business activity conducted in Maine (no apportionment of income).
The only adjustment to income is Maine income taxes.
Corporation does not file a combined return.
Corporation is not a member of an affiliated group filing a separate return.
Corporation claims no tax credits other than extension payments or estimated payments.
Corporation is not required to pay Federal Alternative Minimum Tax.

If you do not meet these requirements, then Form 1120ME must be filed.

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

DATE OFFICER'S SIGNATURE TITLE

DATE SIGNATURE OF PREPARER (INDIVIDUAL OR FIRM) TITLE

File return with: Maine Revenue Services, Income/Estate Tax Division, P.O. Box 1062, Augusta, ME 04332-1062

Office Use Only [ ]

THIS RETURN MUST BE ACCOMPANIED BY A LEGIBLE COPY OF THE U.S. CORPORATION INCOME TAX RETURN FEDERAL FORM 1120, PAGES 1-4 OR 1120A, PAGES 1 & 2 FOR THE SAME TAXABLE PERIOD





970010100

7. TAX: a. Maine corporate income tax (see tax rates on page 8) ..... 7a     ,     ,     .

b. Minimum tax: Schedule B, line 28 - Form 1120ME, page 3 (attach federal Form 4626) ..... 7b     ,     ,     .

c. Total tax (add lines 7a and 7b) ..... 7c     ,     ,     .

8. CREDITS: a. Maine estimated tax paid ..... 8a     ,     ,     .

b. Deposit with extension Form 4477ME ..... 8b     ,     ,     .

c. Other credits (Schedule C, line 29i - 1120ME, page 4) ..... 8c     ,     ,     .

d. TOTAL CREDITS (add lines 8a, 8b and 8c) ..... 8d     ,     ,     .

9. a. If line 7c is greater than line 8d, enter TAX BALANCE DUE ..... 9a     ,     ,     .

b. Enter PENALTY for underpayment of estimated tax (attach Form 2220ME) ..... 9b     ,     ,     .    Check here if actual liability method used

c. TOTAL AMOUNT DUE (add lines 9a and 9b). Pay in full with return ..... 9c     ,     ,     .    
(Please make check payable to Treasurer, State of Maine)

10. If line 8d is greater than line 7c, enter OVERPAYMENT ..... 10     ,     ,     .

11. Amount of line 10 to be: a. CREDITED to next year's estimated tax ..... 11a     ,     ,     .   b. REFUNDED ... 11b     ,     ,     .

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

\_\_\_\_\_  
DATE OFFICER'S SIGNATURE TITLE

\_\_\_\_\_  
DATE SIGNATURE OF PREPARER (INDIVIDUAL OR FIRM) TITLE

File return with: Maine Revenue Services, Income/Estate Tax Division, P.O. Box 1062, Augusta, ME 04332-1062

**THIS RETURN MUST BE ACCOMPANIED BY A LEGIBLE COPY OF THE U.S. CORPORATION INCOME TAX RETURN, FEDERAL FORM 1120 PAGES 1-4 OR 1120A, PAGES 1 & 2, FOR THE SAME TAXABLE PERIOD.**

Please submit forms in the following order:

1. Pages 1 through 4 of Form 1120ME.
2. Schedule CB, if required.
3. Other statements for the Maine income tax return.
4. A copy of federal Form 1120, pages 1 through 4 (or Form 1120A, pages 1 and 2).

Office use only



970010200

**SCHEDULE A - APPORTIONMENT OF INCOME**

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

|  | (A)<br>Within<br>Maine  | (B)<br>Everywhere   |        | (C)<br>Maine Factors<br>Col. (A)/Col. (B)<br>x Statutory Weighting<br>Rounded to 6 Decimals  |
|--|---|---|--------|--|
| 12. Total Sales  | <input type="text"/> <input type="text"/> <input type="text"/> , <input type="text"/> <input type="text"/> <input type="text"/> , <input type="text"/> <input type="text"/> <input type="text"/> , <input type="text"/> <input type="text"/> <input type="text"/> . <input type="text"/> <input type="text"/> + <input type="text"/> <input type="text"/> <input type="text"/> , <input type="text"/> <input type="text"/> <input type="text"/> , <input type="text"/> <input type="text"/> <input type="text"/> , <input type="text"/> <input type="text"/> <input type="text"/> . <input type="text"/> <input type="text"/> | <input type="text"/> <input type="text"/> <input type="text"/> , <input type="text"/> <input type="text"/> <input type="text"/> , <input type="text"/> <input type="text"/> <input type="text"/> , <input type="text"/> <input type="text"/> <input type="text"/> . <input type="text"/> <input type="text"/> + <input type="text"/> <input type="text"/> <input type="text"/> , <input type="text"/> <input type="text"/> <input type="text"/> , <input type="text"/> <input type="text"/> <input type="text"/> , <input type="text"/> <input type="text"/> <input type="text"/> . <input type="text"/> <input type="text"/> | x .50= | <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/>  |
| 13. Total Payroll  | <input type="text"/> <input type="text"/> <input type="text"/> , <input type="text"/> <input type="text"/> <input type="text"/> , <input type="text"/> <input type="text"/> <input type="text"/> , <input type="text"/> <input type="text"/> <input type="text"/> . <input type="text"/> <input type="text"/> + <input type="text"/> <input type="text"/> <input type="text"/> , <input type="text"/> <input type="text"/> <input type="text"/> , <input type="text"/> <input type="text"/> <input type="text"/> , <input type="text"/> <input type="text"/> <input type="text"/> . <input type="text"/> <input type="text"/> | <input type="text"/> <input type="text"/> <input type="text"/> , <input type="text"/> <input type="text"/> <input type="text"/> , <input type="text"/> <input type="text"/> <input type="text"/> , <input type="text"/> <input type="text"/> <input type="text"/> . <input type="text"/> <input type="text"/> + <input type="text"/> <input type="text"/> <input type="text"/> , <input type="text"/> <input type="text"/> <input type="text"/> , <input type="text"/> <input type="text"/> <input type="text"/> , <input type="text"/> <input type="text"/> <input type="text"/> . <input type="text"/> <input type="text"/> | x .25= | <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/>  |
| 14. Total Property   | <input type="text"/> <input type="text"/> <input type="text"/> , <input type="text"/> <input type="text"/> <input type="text"/> , <input type="text"/> <input type="text"/> <input type="text"/> , <input type="text"/> <input type="text"/> <input type="text"/> . <input type="text"/> <input type="text"/> + <input type="text"/> <input type="text"/> <input type="text"/> , <input type="text"/> <input type="text"/> <input type="text"/> , <input type="text"/> <input type="text"/> <input type="text"/> , <input type="text"/> <input type="text"/> <input type="text"/> . <input type="text"/> <input type="text"/> | <input type="text"/> <input type="text"/> <input type="text"/> , <input type="text"/> <input type="text"/> <input type="text"/> , <input type="text"/> <input type="text"/> <input type="text"/> , <input type="text"/> <input type="text"/> <input type="text"/> . <input type="text"/> <input type="text"/> + <input type="text"/> <input type="text"/> <input type="text"/> , <input type="text"/> <input type="text"/> <input type="text"/> , <input type="text"/> <input type="text"/> <input type="text"/> , <input type="text"/> <input type="text"/> <input type="text"/> . <input type="text"/> <input type="text"/> | x .25= | <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/>  |
| 15. MAINE APPORTIONMENT FACTOR - Sum of lines 12, 13 and 14, Column (C) .....                      |   |   |        | 15 . <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/>   |
| 16. Adjusted federal taxable income (page 1, line 5) .....   |   |   |        | 16 <input type="text"/> <input type="text"/> <input type="text"/> , <input type="text"/> <input type="text"/> <input type="text"/> , <input type="text"/> <input type="text"/> <input type="text"/> , <input type="text"/> <input type="text"/> <input type="text"/> . <input type="text"/> <input type="text"/> |
| 17. Income apportioned to Maine (line 16 x line 15 factor). Enter here and on line 6, page 1 ..... |   |   |        | 17 <input type="text"/> <input type="text"/> <input type="text"/> , <input type="text"/> <input type="text"/> <input type="text"/> , <input type="text"/> <input type="text"/> <input type="text"/> , <input type="text"/> <input type="text"/> <input type="text"/> . <input type="text"/> <input type="text"/> |
| 18. What portion of line 14(A), total property within Maine, is tangible personal property? .....  |   |   |        | 18 <input type="text"/> <input type="text"/> <input type="text"/> , <input type="text"/> <input type="text"/> <input type="text"/> , <input type="text"/> <input type="text"/> <input type="text"/> , <input type="text"/> <input type="text"/> <input type="text"/> . <input type="text"/> <input type="text"/> |

If one factor is excludable from the apportionment formula, the weighting of the two remaining factors must be changed. A factor is excludable only if both the numerator and denominator are zero, but is not excludable merely because the numerator is zero. When excluding the sales factor, change the weight of the payroll and property factors to 50% (0.5) each. When excluding either the payroll or property factor, change the weight of the sales factor to 66.67% (0.6667) and the weight of the remaining factor to 33.33% (0.3333). If two factors are excludable from the apportionment formula, this schedule cannot be used for determining the apportionment percentage. If you are excluding any factors, attach a schedule detailing the factors used and the apportionment computation. If the total of 12c, 13c and 14c does not equal the amount you enter on line 15, your tax liability will not compute accurately.

**SCHEDULE B - MINIMUM TAX**  
 (Attach federal Form 4626)

|  |    |  |
|--|----|--|
| 19. Federal tentative minimum tax .....  | 19 | <input type="text"/> <input type="text"/> <input type="text"/> , <input type="text"/> <input type="text"/> <input type="text"/> , <input type="text"/> <input type="text"/> <input type="text"/> . <input type="text"/> <input type="text"/> |
| 20. Add: federal alternative minimum tax foreign tax credit .....  | 20 | <input type="text"/> <input type="text"/> <input type="text"/> , <input type="text"/> <input type="text"/> <input type="text"/> , <input type="text"/> <input type="text"/> <input type="text"/> . <input type="text"/> <input type="text"/> |
| 21. Less: portion of federal tentative minimum tax attributable to income that state or federal law prohibits from taxation by Maine ..... | 21 | <input type="text"/> <input type="text"/> <input type="text"/> , <input type="text"/> <input type="text"/> <input type="text"/> , <input type="text"/> <input type="text"/> <input type="text"/> . <input type="text"/> <input type="text"/> |
| 22. Totals - add lines 19, 20 and 21 .....   | 22 | <input type="text"/> <input type="text"/> <input type="text"/> , <input type="text"/> <input type="text"/> <input type="text"/> , <input type="text"/> <input type="text"/> <input type="text"/> . <input type="text"/> <input type="text"/> |
| 23. Apportionment factor (from line 15 above) .....  | 23 | . <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/>  |
| 24. Line 22 multiplied by line 23 factor .....   | 24 | <input type="text"/> <input type="text"/> <input type="text"/> , <input type="text"/> <input type="text"/> <input type="text"/> , <input type="text"/> <input type="text"/> <input type="text"/> . <input type="text"/> <input type="text"/> |
| 25. Rate .....   | 25 | <b>27%</b>   |
| 26. State minimum tax (line 24 multiplied by line 25) .....  | 26 | <input type="text"/> <input type="text"/> <input type="text"/> , <input type="text"/> <input type="text"/> <input type="text"/> , <input type="text"/> <input type="text"/> <input type="text"/> . <input type="text"/> <input type="text"/> |
| 27. Income tax (page 2, line 7a - Form 1120ME) .....   | 27 | <input type="text"/> <input type="text"/> <input type="text"/> , <input type="text"/> <input type="text"/> <input type="text"/> , <input type="text"/> <input type="text"/> <input type="text"/> . <input type="text"/> <input type="text"/> |
| 28. Net state minimum tax (line 26 minus line 27). Enter here and on page 2, line 7b - Form 1120ME. (if less than zero, enter zero) .....  | 28 | <input type="text"/> <input type="text"/> <input type="text"/> , <input type="text"/> <input type="text"/> <input type="text"/> , <input type="text"/> <input type="text"/> <input type="text"/> . <input type="text"/> <input type="text"/> |



970010300

SCHEDULE C - OTHER CREDITS

|     |    |  |     |                      |   |                      |   |                      |   |                      |
|-----|----|--|-----|----------------------|---|----------------------|---|----------------------|---|----------------------|
| 29. | a. | Maine seed capital tax credit .....  | 29a | <input type="text"/> | , | <input type="text"/> | , | <input type="text"/> | . | <input type="text"/> |
|     | b. | Jobs and investment tax credit .....   | 29b | <input type="text"/> | , | <input type="text"/> | , | <input type="text"/> | . | <input type="text"/> |
|     | c. | Employer-assisted child care tax credit .....  | 29c | <input type="text"/> | , | <input type="text"/> | , | <input type="text"/> | . | <input type="text"/> |
|     | d. | Employer-provided long-term care benefits credit .....   | 29d | <input type="text"/> | , | <input type="text"/> | , | <input type="text"/> | . | <input type="text"/> |
|     | e. | Machinery and equipment investment tax credit .....  | 29e | <input type="text"/> | , | <input type="text"/> | , | <input type="text"/> | . | <input type="text"/> |
|     | f. | Solid waste machinery and equipment investment tax credit .....  | 29f | <input type="text"/> | , | <input type="text"/> | , | <input type="text"/> | . | <input type="text"/> |
|     | g. | Research expense tax credit .....  | 29g | <input type="text"/> | , | <input type="text"/> | , | <input type="text"/> | . | <input type="text"/> |
|     | h. | Minimum tax credit .....   | 29h | <input type="text"/> | , | <input type="text"/> | , | <input type="text"/> | . | <input type="text"/> |
|     | i. | TOTAL: Add lines a through h, enter results here and on Form 1120ME, page 2, line 8c.<br>(Credit limited to the tax liability on line 7c, Form 1120ME, page 2) ..... | 29i | <input type="text"/> | , | <input type="text"/> | , | <input type="text"/> | . | <input type="text"/> |

SCHEDULE D - MINIMUM TAX CREDIT

|     |                          |   |     |                      |   |                      |   |                      |   |                      |
|-----|--------------------------|---|-----|----------------------|---|----------------------|---|----------------------|---|----------------------|
| 30. | Maine minimum tax credit |   |     |                      |   |                      |   |                      |   |                      |
|     | a.                       | Net state minimum tax for 1996 (1996 Form 1120ME, Schedule B, line 28) .....  | 30a | <input type="text"/> | , | <input type="text"/> | , | <input type="text"/> | . | <input type="text"/> |
|     | b.                       | Minimum tax credit carryover from 1996 .....  | 30b | <input type="text"/> | , | <input type="text"/> | , | <input type="text"/> | . | <input type="text"/> |
|     | c.                       | Add lines a and b .....   | 30c | <input type="text"/> | , | <input type="text"/> | , | <input type="text"/> | . | <input type="text"/> |
|     | d.                       | Regular income tax liability for 1997 (page 1, line 7a less allowable credits - all Schedule C credits except minimum tax credit) ..... | 30d | <input type="text"/> | , | <input type="text"/> | , | <input type="text"/> | . | <input type="text"/> |
|     | e.                       | State minimum tax for 1997 (Schedule B, line 26) .....  | 30e | <input type="text"/> | , | <input type="text"/> | , | <input type="text"/> | . | <input type="text"/> |
|     | f.                       | Subtract line e from line d (if zero or less, enter zero) .....   | 30f | <input type="text"/> | , | <input type="text"/> | , | <input type="text"/> | . | <input type="text"/> |
|     | g.                       | State minimum tax credit: enter the smaller of line c or line f here and on Schedule C, line 29h .....                                  | 30g | <input type="text"/> | , | <input type="text"/> | , | <input type="text"/> | . | <input type="text"/> |
|     | h.                       | Maine minimum tax credit carryover to 1998 (line c minus line g) .....  | 30h | <input type="text"/> | , | <input type="text"/> | , | <input type="text"/> | . | <input type="text"/> |

# INSTRUCTIONS FOR SCHEDULE CB AND COMBINED REPORTING

(This schedule, when applicable, is required to be filed with Form 1120ME or Form 1120X-ME)

## A. SCHEDULE CB:

Any taxable corporation with Maine nexus that is a member of an affiliated group, whether or not unitary as defined by Maine law, must complete Schedule CB. All members of the affiliated group must be listed except those members that are not required to file a federal income tax return. In Column 6, Schedule CB list federal taxable income for each member of the affiliated group from line 30, federal Form 1120 (from pro forma returns or from the consolidated income and expense summary). The total on line 13 is the federal taxable income of those affiliates that are unitary (those with a check mark in Column 5(a) and 5(c)).

## B. COMBINED REPORTING:

A taxable corporation that is a member of an affiliated group and that is engaged in a unitary business must file a combined report and base its Maine net income on the federal taxable income of the unitary group. Corporations that are part of a unitary group but are not subject to federal income tax are to be excluded from the combined report.

“Affiliated group” means a group of two or more corporations in which more than 50% of the voting stock of each member corporation is directly or indirectly owned by a common owner or owners, either corporate or non-corporate, or by one or more of the member corporations (36 M.R.S.A. §5102(1-B)). A “unitary business” is a business activity that is characterized by unity of ownership, functional integration, centralization of management and economies of scale. (36 M.R.S.A. §5102(10-A))

All corporations required to file federal returns that are part of an affiliated unitary group are required to be included in the combined report of any taxable corporation with Maine nexus even though the affiliated corporation has no nexus with Maine, including an FSC corporation.

## C. SPECIFIC INSTRUCTIONS - COMBINED REPORTING:

All members of the affiliated group are to be listed on Schedule CB, except those members who are not required to file a federal income tax return. The corporations listed that check Columns 5(a) and 5(c) form the basis for the Maine corporate income tax return.

A single return may be filed on which the aggregate Maine income 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 corporation: federal taxable income; state modifications and; sales, payroll and property in Maine and everywhere. Schedule CB, pages 1 and 2, must be completed and filed with Form 1120ME to provide this combined report.

Line 13. Total the entries in Columns 6 through 10 for only those corporations that check Columns 5(a) or 5(c). Enter the results on line 13 and on the appropriate lines on Form 1120ME. Line 13, Column 7(A), must agree with line 2g of Form 1120ME and line 13, Column 7(B) must agree with line 4e of Form 1120ME. It is not necessary to provide detailed amounts for each corporation for the amounts entered on lines 2a, b, c, d, e, f and lines 4a, b, c and d of Form 1120ME. The amounts listed on line 13, Columns 8, 9 and 10 of Schedule CB must agree with those entered on lines 12, 13 and 14, Columns (A) and (B) of Form 1120ME.

**SEE EXAMPLES ON REVERSE OF SCHEDULE CB, PAGE 2**



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

# MAINE CORPORATE INCOME TAX



970010400

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

**SCHEDULE CB**  
**Page 1**  
**FORM 1120ME**

**This schedule must be attached to your Form 1120ME**

| Line No. | Column 1<br>*Corporation Name and Operating Address<br>(City and State) | Column 2<br>Federal Identification Number | Column 3<br>Does this corporation have Nexus with Maine |    | Column 4<br>Corporation's Product or Service   | Column 5<br>Check Appropriate Column |     |     |     | Column 6<br>Federal Taxable Income |
|----------|---|---|---|----|--|--------------------------------------|-----|-----|-----|------------------------------------|
|          |   |   | Yes   | No |  | (a)                                  | (b) | (c) | (d) |                                    |
| 1.       |   |   |   |    |  |                                      |     |     |     |                                    |
| 2.       |   |   |   |    |  |                                      |     |     |     |                                    |
| 3.       |   |   |   |    |  |                                      |     |     |     |                                    |
| 4.       |   |   |   |    |  |                                      |     |     |     |                                    |
| 5.       |   |   |   |    |  |                                      |     |     |     |                                    |
| 6.       |   |   |   |    |  |                                      |     |     |     |                                    |
| 7.       |   |   |   |    |  |                                      |     |     |     |                                    |
| 8.       |   |   |   |    |  |                                      |     |     |     |                                    |
| 9.       |   |   |   |    |  |                                      |     |     |     |                                    |
| 10.      |   |   |   |    |  |                                      |     |     |     |                                    |
| 11.      |   |   |   |    |  |                                      |     |     |     |                                    |
| 12.      |   |   |   |    |  |                                      |     |     |     |                                    |
|          |   |   |   |    | 13. Federal Taxable Income of Unitary Members (enter on Form 1120ME, page 1, line 1) |                                      |     |     |     |                                    |
|          |   |   |   |    | 14. Federal Consolidated Taxable Income shown on line 30, page 1, federal Form 1120  |                                      |     |     |     |                                    |

\* Please indicate if FISC or 80/20 corporation

Column 5(a) - Unitary Member of Federal Consolidated Group

Column 5(b) - Non-Unitary Member of Federal Consolidated Group

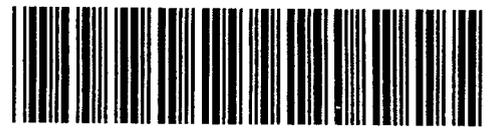
Column 5(c) - Non-Consolidated Unitary Member, Greater than 50% Ownership

Column 5(d) - Non-Consolidated, Non-Unitary Member, Greater than 50% Ownership



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

# MAINE CORPORATE INCOME TAX



970010500

This section of Schedule CB must be completed by those corporations that are filing a single combined report for all members of a unitary group. See instructions on the reverse side of Schedule CB, pages 1 and 2.

**SCHEDULE CB**  
**Page 2**  
**FORM 1120ME**

**This schedule must be attached to your Form 1120ME**

| Line No.      | Column 7<br>State Modifications |                 | Column 8                |                           | Column 9                  |                             | Column 10                  |                              |
|---------------|---------------------------------|-----------------|-------------------------|---------------------------|---------------------------|-----------------------------|----------------------------|------------------------------|
|               | A.<br>Subtractions              | B.<br>Additions | A.<br>Sales<br>in Maine | B.<br>Sales<br>Everywhere | A.<br>Payroll<br>in Maine | B.<br>Payroll<br>Everywhere | A.<br>Property<br>in Maine | B.<br>Property<br>Everywhere |
| 1.            |                                 |                 |                         |                           |                           |                             |                            |                              |
| 2.            |                                 |                 |                         |                           |                           |                             |                            |                              |
| 3.            |                                 |                 |                         |                           |                           |                             |                            |                              |
| 4.            |                                 |                 |                         |                           |                           |                             |                            |                              |
| 5.            |                                 |                 |                         |                           |                           |                             |                            |                              |
| 6.            |                                 |                 |                         |                           |                           |                             |                            |                              |
| 7.            |                                 |                 |                         |                           |                           |                             |                            |                              |
| 8.            |                                 |                 |                         |                           |                           |                             |                            |                              |
| 9.            |                                 |                 |                         |                           |                           |                             |                            |                              |
| 10.           |                                 |                 |                         |                           |                           |                             |                            |                              |
| 11.           |                                 |                 |                         |                           |                           |                             |                            |                              |
| 12.           |                                 |                 |                         |                           |                           |                             |                            |                              |
| TOTALS<br>13. |                                 |                 |                         |                           |                           |                             |                            |                              |

Example 1: Corporations X, Y and Z elect to file a federal consolidated Form 1120 as part of an affiliated group. Only X has nexus with Maine. X and Y are a unitary business; Z is unitary with neither X nor Y. Schedule CB would be completed as follows:

| Column 1<br>Name       | Column 3<br>Nexus? |    | Column 5* |     |     |     | Column 6<br>FTI |
|------------------------|--------------------|----|-----------|-----|-----|-----|-----------------|
|                        | Yes                | No | (a)       | (b) | (c) | (d) |                 |
| Corp X                 | x                  |    | x         |     |     |     | \$ 100          |
| Corp Y                 |                    | x  | x         |     |     |     | \$ 110          |
| Corp Z                 |                    | x  |           | x   |     |     | \$ 140          |
| 13. FTI - Unitary      |                    |    |           |     |     |     | \$ 210          |
| 14. FTI - Consolidated |                    |    |           |     |     |     | \$ 350          |

- \* Column 5:
- (a) Unitary member of federal consolidated group
  - (b) Non-unitary member of federal consolidated group
  - (c) Non-consolidated unitary member, greater than 50% ownership
  - (d) Non-consolidated, non-unitary member, greater than 50% ownership

FTI - Federal Taxable Income

Example 2: Corporations X, Y and Z elect to file a federal consolidated Form 1120 as part of an affiliated group. X and Y are unitary and have nexus with Maine. Z does not have nexus with Maine, and is unitary with neither X nor Y. X and Y have losses. Schedule CB would be completed as follows:

| Column 1<br>Name       | Column 3<br>Nexus? |    | Column 5* |     |     |     | Column 6<br>FTI |
|------------------------|--------------------|----|-----------|-----|-----|-----|-----------------|
|                        | Yes                | No | (a)       | (b) | (c) | (d) |                 |
| Corp X                 | x                  |    | x         |     |     |     | (\$ 80)         |
| Corp Y                 | x                  |    | x         |     |     |     | (\$ 50)         |
| Corp Z                 |                    | x  |           | x   |     |     | \$ 150          |
| 13. FTI - Unitary      |                    |    |           |     |     |     | (\$ 130)        |
| 14. FTI - Consolidated |                    |    |           |     |     |     | \$ 20           |

- \* Column 5:
- (a) Unitary member of federal consolidated group
  - (b) Non-unitary member of federal consolidated group
  - (c) Non-consolidated unitary member, greater than 50% ownership
  - (d) Non-consolidated, non-unitary member, greater than 50% ownership

Example 3: Affiliated corporations A, B and C elect to file a consolidated federal return. Corporations A and C are unitary businesses, B is not unitary with A or C. Corporation A has nexus with Maine, corporations B and C do not.

Year 1

| Column 1<br>Name       | Column 3<br>Nexus? |    | Column 5* |     |     |     | Column 6<br>FTI |
|------------------------|--------------------|----|-----------|-----|-----|-----|-----------------|
|                        | Yes                | No | (a)       | (b) | (c) | (d) |                 |
| Corp A                 | x                  |    | x         |     |     |     | (\$80)          |
| Corp B                 |                    | x  |           | x   |     |     | \$100           |
| Corp C                 |                    | x  | x         |     |     |     | \$10            |
| 13. FTI - Unitary      |                    |    |           |     |     |     | (\$70)          |
| 14. FTI - Consolidated |                    |    |           |     |     |     | \$30            |

- \* Column 5:
- (a) Unitary member of federal consolidated group
  - (b) Non-unitary member of federal consolidated group
  - (c) Non-consolidated unitary member, greater than 50% ownership
  - (d) Non-consolidated, non-unitary member, greater than 50% ownership

Year 2

| Column 1<br>Name       | Column 3<br>Nexus? |    | Column 5* |     |     |     | Column 6<br>FTI |
|------------------------|--------------------|----|-----------|-----|-----|-----|-----------------|
|                        | Yes                | No | (a)       | (b) | (c) | (d) |                 |
| Corp A                 | x                  |    | x         |     |     |     | \$100           |
| Corp B                 |                    | x  |           | x   |     |     | \$100           |
| Corp C                 |                    | x  | x         |     |     |     | \$10            |
| 13. FTI - Unitary      |                    |    |           |     |     |     | \$110           |
| 14. FTI - Consolidated |                    |    |           |     |     |     | \$210           |

In year 1, corporation A FTI on the Maine return is (\$70). Because the loss is not carried over to year 2 for federal purposes, it cannot be carried over for Maine purposes. In year 2, the FTI for Maine purposes is \$110.

# INSTRUCTIONS FOR FORM 1120ES-ME

## 1. WHO MUST PAY ESTIMATED TAX?

Every corporation subject to taxation under 36 M.R.S.A., Part 8, Income Taxes, must pay estimated tax. If the income tax liability for the taxable year or for the prior tax year reduced by any allowable credits is less than \$500, the requirement is waived.

## 2. AMOUNT OF ESTIMATED TAX TO BE PAID.

The corporation required to make payment of estimated tax is liable for an estimated tax which is no less than the smaller of the following (Exception: Large corporations as defined in the United States Internal Revenue Code, §6655(q), are subject only to paragraph b, except as provided in 36 M.R.S.A. §5228(5)(c)):

a. An amount equal to the preceding year's tax liability, if that preceding year was a taxable year of 12 months; or

b. An amount equal to 90% of the tax liability for the current taxable year. However, corporations cannot use current year machinery and equipment investment tax credits to determine the estimated corporate income tax liability.

## 3. DUE DATES FOR ESTIMATED TAX INSTALLMENTS.

Installment payments are due on the 15th day of the 4th, 6th, 9th and 12th months following the beginning of the corporation's fiscal year. If the due date falls on a Saturday, Sunday or legal holiday, substitute the next succeeding day which is not a Saturday, Sunday or legal holiday.

## 4. AMOUNT OF INSTALLMENTS.

The amount of estimated tax due for the taxable year must be paid in four equal installments unless:

a. The taxpayer establishes by adequate record the actual distribution of tax liability and allowable credits; or

b. The taxpayer is a large corporation as defined by the Internal Revenue Code, §6655(q). Such large corporations may elect to determine the first required installment for any taxable year based on the preceding year's state income tax liability, if that preceding year was a taxable year of 12 months. However, if the corporation so elects, the second required installment for the taxable year must equal the total amount of estimated tax for the first two installments for the taxable year using, as a basis, 90% of the corporation's income tax liability for the current year, less the amount of the first installment for the taxable year as determined under this provision.

## 5. UNDERPAYMENT PENALTY.

A penalty equal to the interest rate on overdue taxes accrues automatically on underpayments of the required installment amount for the period of underpayment. The period of underpayment is the period of time from the date the installment is due until the underpayment is satisfied or until the tax return to which the estimate installment applies is due, whichever is less.

## 6. SHORT TAXABLE YEAR.

For a corporation having a taxable year of less than 12 months, the estimated tax must be paid in full by the 15th day of the last month of the taxable year.



**MAINE CORPORATE INCOME TAX**

**ESTIMATED TAX WORKSHEET  
 For Form 1120ES-ME**

1. Maine taxable income (check one) .....  For immediate prior year .....  Estimated ..... 1. \_\_\_\_\_
2. Estimated Maine corporate income tax ..... 2. \_\_\_\_\_

For tax years beginning on or after January 1, 1998, the Maine corporate tax rate is as follows:

If Maine taxable income is:

The tax is:

Not over \$25,000

3.5% of Maine taxable income

\$ 25,000 but not over \$ 75,000

\$ 875 plus 7.93% of excess over \$ 25,000

\$ 75,000 but not over \$250,000

\$ 4,840 plus 8.33% of excess over \$ 75,000

\$250,000 or more

\$19,417 plus 8.93% of excess over \$250,000

3. Less: Overpayment from prior year elected for credit to estimated tax: ..... 3. \_\_\_\_\_
4. Balance of estimated Maine corporate income tax (line 2 less line 3): ..... 4. \_\_\_\_\_

**5. COMPUTATION and RECORD OF PAYMENTS**

| Voucher Number and Date Paid | Total Estimate Original or Amended | Amount of Installment Payable | Prior Year Overpayment Applied to Installment | Balance Payable by Check | Total Payments and Refund Applied |
|------------------------------|------------------------------------|-------------------------------|---|--------------------------|-----------------------------------|
| 1. _____                     | \$ _____                           | April 15 \$ _____             | \$ _____                                      | \$ _____                 | \$ _____                          |
| 2. _____                     | \$ _____                           | June 15 \$ _____              | \$ _____                                      | \$ _____                 | \$ _____                          |
| 3. _____                     | \$ _____                           | Sept 15 \$ _____              | \$ _____                                      | \$ _____                 | \$ _____                          |
| 4. _____                     | \$ _____                           | Dec 15 \$ _____               | \$ _____                                      | \$ _____                 | \$ _____                          |

Fiscal year corporations: Use dates corresponding with the 15th day of the 4th, 6th, 9th and 12th months of the fiscal year.

NOTE: If your estimated tax should change during the year, you may use the amended computation worksheet below to determine the amended amounts to be entered on declaration.

1. Amended estimated corporate income tax ..... 1. \_\_\_\_\_
2. Less:
- a. Amount of overpayment from prior year credited to this year's estimated tax and applied to date ..... 2a. \_\_\_\_\_
- b. Payments made for current year ..... 2b. \_\_\_\_\_
- c. Total: Line 2a plus line 2b ..... 2c. \_\_\_\_\_
3. Unpaid balance: Line 1 minus line 2c ..... 3. \_\_\_\_\_
4. Amount to be paid: Line 3 divided by number of remaining installments ..... 4. \_\_\_\_\_

**(KEEP FOR YOUR RECORDS)  
 SEE REVERSE SIDE FOR INSTRUCTIONS**



FORM 1120ES-ME  
MAINE

ESTIMATED TAX PAYMENT VOUCHER FOR CORPORATIONS



980020000



VOUCHER 3 - Due the 15th day of the ninth month of the fiscal year  
(Sep. 15 for calendar year taxpayers).

For tax year  /  /  -  /  /

Corporation Name

Amount of Payment ..... \$  ,  ,

Address

Federal Identification Number

City, Town or Post Office

State

ZIP Code

Date Installment Due

Detach this voucher and make check payable to TREASURER, STATE OF MAINE. Mail both to:  
Maine Revenue Services, Income/Estate Tax Division, P.O. Box 1062, Augusta, ME 04332-1062 using the address label inserted in this booklet.

NEW MAINE EXTENSION FORM 4477ME

If you need an extension to file your Maine corporate income tax return, use the new Maine extension form on page 37

FORM 1120ES-ME  
MAINE

ESTIMATED TAX PAYMENT VOUCHER FOR CORPORATIONS



980020000



VOUCHER 4 - Due the 15th day of the twelfth month of the fiscal year  
(Dec. 15 for calendar year taxpayers).

For tax year  /  /  -  /  /

Corporation Name

Amount of Payment ..... \$  ,  ,

Address

Federal Identification Number

City, Town or Post Office

State

ZIP Code

Date Installment Due

Detach this voucher and make check payable to TREASURER, STATE OF MAINE. Mail both to:  
Maine Revenue Services, Income/Estate Tax Division, P.O. Box 1062, Augusta, ME 04332-1062 using the address label inserted in this booklet.

# 1120X-ME

## General Instructions

**Overpayment Defined:** Excess payments for this period which have been refunded or credited to another filing period.

**Purpose of form.** Maine amended Form 1120X-ME must be filed if 1) an amended federal return has been filed that affects the taxpayer's liability; 2) the Internal Revenue Service has made a change or correction that affect's the taxpayer's liability; or 3) there are other changes or corrections that affect the taxpayer's liability.

**How to file.** Use Form 1120X-ME to correct Maine Form 1120ME or Form 1120A-ME for **years beginning on or after January 1, 1991**. For years prior to 1991, use Form 1120ME for the year(s) you are amending and print or type "amended" in the upper left corner of the form.

Attach copies of federal Form 1120X or the federal revenue agent report to support changes shown on Maine Form 1120X-ME. In the event of a net operating loss, attach a copy of federal Form 1139 for each year that you are amending.

Maine Revenue Services uses an optical scanner to process forms 1120ME and 1120X-ME; the use of these forms cannot be altered in any way. Do not change line numbers or descriptions as these changes will not be detected when scanned. All dollar amounts other than zero must be written in the appropriate column even if the amount has not changed from a previous return or filing period. Any box on Form 1120X-ME Column C which is left blank will be read as a zero.

**When to file.** Amended Maine income tax returns must be filed within 90 days of the final determination of the change or correction of the filing of the federal amended return or revenue agent report. File form 1120X-ME only after you have filed an original return.

Generally, to receive a refund of taxes paid, Form 1120X-ME must be filed within 3 years after the date the original return was filed, or within 2 years after the date the tax was paid, whichever is later. This time limit does not apply when the Internal revenue service makes an adjustment that affects the taxpayer's liability .

**Combined Returns.** Refer to the instructions for Schedule CB and Combined reporting in the corporate income tax booklet. You must attach a copy of Schedule CB to Form 1120X-ME if you are a member of an affiliated group engaged in a unitary business.

# SPECIFIC INSTRUCTIONS

**Reason for change.** Check the appropriate box to identify the reason for filing this form. 1) If an Internal Revenue Service audit change, attach a copy of the federal audit. 2) If a net operating Loss, attach a copy of federal Form 1139. 3) If an amended federal Form 1120X, attach copy of federal amended return. 4) If an accounting change, attach approval of acceptance from the Internal Revenue Service. 5) If other, attach a written explanation of change.

**Column A.** Enter the amounts from your return as originally filed or previously amended. If your return was adjusted or audited by the State of Maine, enter the amounts as last adjusted.

**Column B.** Enter the net increase or net decrease for each line that is changed. Use a minus sign to the left of the number to indicate a decrease.

**Column C.** This column must be filled out completely even if the amount in column A is not being adjusted. Add the increase or decrease in Column B to the amount in Column A and enter the result in Column C.

**SCHEDULES A - D:** Check the amended box if the schedule is being changed as a result of this amended return and complete each schedule with the amended figures. Check the original or previously adjusted box if the schedule shows figures as last adjusted or originally filed. In all cases, properly complete Columns A, B and C of Form 1120X-ME, lines 6, 7b and 8d as they relate to Schedules A, B and C.

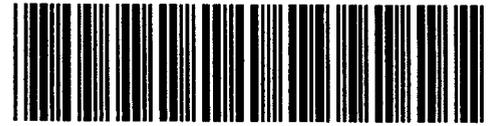
**SCHEDULE A.** Schedule A is for corporations engaged in interstate business. If this is the case, you must complete this schedule, even if you are not changing the figures from the original or as previously adjusted. See additional Schedule A instructions on page 9.

**SCHEDULE B.** Complete this schedule even if figures are the same as originally filed or previously adjusted. The rate (line 25) is 29.7% for years prior to 1993 and 27% for years after 1992.

**SCHEDULE C.** If you had other credits on your original return, you must enter those credits here, even if you are not making any adjustments. See additional Schedule C instructions on page 10.

**SCHEDULE D.** A minimum tax credit is available for tax years beginning on or after January 1, 1992. This credit is modeled after the federal alternative minimum tax credit. Complete this schedule to calculate your credit. You must complete this schedule and enter line g on Schedule C, line 29h, even if you are not changing the figures from the original return or as previously adjusted.





970060100

|  | A<br>Original | B<br>Adjustment | C<br>Correct Amount |  |  |  |
|--|---------------|-----------------|---------------------|--|--|--|
| 7. TAX: a. Maine corporate income tax (see tax rates on page 8)  |               |                 |                     |  |  |  |
| b. Minimum tax: Schedule B, line 28 - (attach federal Form 4626)   |               |                 |                     |  |  |  |
| c. Total tax (add lines 7a and 7b)   |               |                 |                     |  |  |  |
| 8. CREDITS: a. Maine estimated tax paid ..... 8a   |               |                 |                     |  |  |  |
| b. Deposit with extension From 4477ME ..... 8b   |               |                 |                     |  |  |  |
| c. Paid with original return and additional payments after return was filed ..... 8c   |               |                 |                     |  |  |  |
| d. Other credits (Schedule C, line 29j-1120X-ME, page 4)   |               |                 |                     |  |  |  |
| e. TOTAL CREDITS (add lines 8a, 8b, 8c and 8d)   |               |                 |                     |  |  |  |
| f. Overpayment on original return or as previously adjusted (enter as a positive number) ..... 8f                              |               |                 |                     |  |  |  |
| 9. Subtract line 8f from line 8e (total credits minus overpayments) ..... 9  |               |                 |                     |  |  |  |
| 10. a. If line 7c is greater than line 9, enter the difference as TAX DUE ..... 10a  |               |                 |                     |  |  |  |
| b. Penalty for underpayment - attach Form 2220ME   |               |                 |                     |  |  |  |
| c. Total due (line 10a plus line 10b) - remit payment with return (Please make check payable to Treasurer, State of Maine) 10c |               |                 |                     |  |  |  |
| 11. If line 9 is greater than line 7c, enter overpayment to be REFUNDED ..... 11   |               |                 |                     |  |  |  |

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

DATE

OFFICER'S SIGNATURE

TITLE

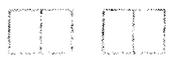
DATE

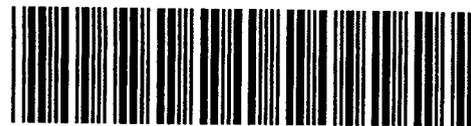
SIGNATURE OF PREPARER (INDIVIDUAL OR FIRM)

TITLE

File return with: Maine Revenue Services, Income/Estate Tax Division, P.O. Box 1062, Augusta, ME 04332-1062

Office use only





970060200

- AMENDED
- AS ORIGINALLY REPORTED OR PREVIOUSLY ADJUSTED

**SCHEDULE A - APPORTIONMENT OF INCOME**

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

|  | (A)<br>Within<br>Maine                     | (B)<br>Everywhere                            |        |    | (C)<br>Maine Factors<br>Col. (A)/Col. (B)<br>x Statutory Weighting<br>Rounded to 6 Decimals |
|--|--|--|--------|----|---|
| 12. Total Sales  | [ ][ ] , [ ][ ] , [ ][ ] , [ ][ ] . [ ][ ] | / [ ][ ] , [ ][ ] , [ ][ ] , [ ][ ] . [ ][ ] | x .50= |    | [ ][ ][ ][ ][ ][ ][ ]   |
| 13. Payroll  | [ ][ ] , [ ][ ] , [ ][ ] , [ ][ ] . [ ][ ] | / [ ][ ] , [ ][ ] , [ ][ ] , [ ][ ] . [ ][ ] | x .25= |    | [ ][ ][ ][ ][ ][ ][ ]   |
| 14. Total Property   | [ ][ ] , [ ][ ] , [ ][ ] , [ ][ ] . [ ][ ] | / [ ][ ] , [ ][ ] , [ ][ ] , [ ][ ] . [ ][ ] | x .25= |    | [ ][ ][ ][ ][ ][ ][ ]   |
| 15. MAINE APPORTIONMENT FACTOR - Sum of lines 12, 13 and 14, Column (C) .....                                |  |  |        | 15 | [ ][ ][ ][ ][ ][ ][ ]   |
| 16. Adjusted federal taxable income (page 1, line 5) .....   |  |  |        | 16 | [ ][ ] , [ ][ ] , [ ][ ] , [ ][ ] . [ ][ ]  |
| 17. Income apportioned to Maine (line 16 x line 15 factor). Enter here and on line 6, Column C, page 1 ..... |  |  |        | 17 | [ ][ ] , [ ][ ] , [ ][ ] , [ ][ ] . [ ][ ]  |
| 18. What portion of line 14(A), total property within Maine, is tangible personal property? .....            |  |  |        | 18 | [ ][ ] , [ ][ ] , [ ][ ] , [ ][ ] . [ ][ ]  |

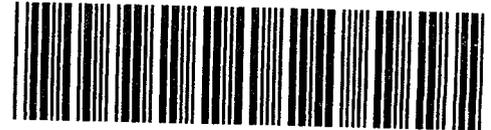
If one factor is excludable from the apportionment formula, the weighting of the two remaining factors must be changed. A factor is excludable only if both the numerator and denominator are zero, but is not excludable merely because the numerator is zero. When excluding the sales factor, change the weight of the payroll and property factors to 50% (0.5) each. When excluding either the payroll or property factor, change the weight of the sales factor to 66.67% (0.6667) and the weight of the remaining factor to 33.33% (0.3333). If two factors are excludable from the apportionment formula, this schedule cannot be used for determining the apportionment percentage. If you are excluding any factors, attach a schedule detailing the factors used and the apportionment computation. If the total of 12c, 13c and 14c does not equal the amount you enter on line 15, your tax liability will not compute accurately.

- AMENDED
- AS ORIGINALLY REPORTED OR PREVIOUSLY ADJUSTED

**SCHEDULE B - MINIMUM TAX**

(Attach federal Form 4626) - This schedule must be completed even if same as originally filed or previously adjusted

|   |    |  |
|---|----|--|
| 19. Federal tentative minimum tax .....   | 19 | [ ][ ] , [ ][ ] , [ ][ ] . [ ][ ]                  |
| 20. Add: federal alternative minimum tax foreign tax credit .....   | 20 | [ ][ ] , [ ][ ] , [ ][ ] . [ ][ ]                  |
| 21. Less: portion of federal tentative minimum tax attributable to income that state or federal law prohibits from taxation by Maine .....            | 21 | [ ][ ] , [ ][ ] , [ ][ ] . [ ][ ]                  |
| 22. Totals - add lines 19, 20 and 21 .....  | 22 | [ ][ ] , [ ][ ] , [ ][ ] . [ ][ ]                  |
| 23. Apportionment factor (from line 15 above) .....   | 23 | [ ][ ][ ][ ][ ][ ][ ]                              |
| 24. Line 22 multiplied by line 23 factor .....  | 24 | [ ][ ] , [ ][ ] , [ ][ ] . [ ][ ]                  |
| 25. Rate .....  | 25 | 1991-1992: <b>29.7%</b> ; 1993-present: <b>27%</b> |
| 26. State minimum tax (line 24 multiplied by line 25) .....   | 26 | [ ][ ] , [ ][ ] , [ ][ ] . [ ][ ]                  |
| 27. Income tax (page 2, line 7a - Form 1120ME) .....  | 27 | [ ][ ] , [ ][ ] , [ ][ ] . [ ][ ]                  |
| 28. Net state minimum tax (line 26 minus line 27). Enter here and on page 2, Column C, line 7b - Form 1120X-ME. (If less than zero, enter zero) ..... | 28 | [ ][ ] , [ ][ ] , [ ][ ] . [ ][ ]                  |



970060300

- AMENDED
- AS ORIGINALLY REPORTED OR PREVIOUSLY ADJUSTED

**SCHEDULE C - OTHER CREDITS**

This schedule must be completed even if same as originally filed or previously adjusted

|   |     |                      |   |                      |   |                      |   |                      |
|---|-----|----------------------|---|----------------------|---|----------------------|---|----------------------|
| 29. a. Maine seed capital tax credit .....  | 29a | <input type="text"/> | , | <input type="text"/> | , | <input type="text"/> | . | <input type="text"/> |
| b. Jobs and investment tax credit .....   | 29b | <input type="text"/> | , | <input type="text"/> | , | <input type="text"/> | . | <input type="text"/> |
| c. Employer assisted child care tax credit .....  | 29c | <input type="text"/> | , | <input type="text"/> | , | <input type="text"/> | . | <input type="text"/> |
| d. Employer provided long-term care benefits credit .....   | 29d | <input type="text"/> | , | <input type="text"/> | , | <input type="text"/> | . | <input type="text"/> |
| e. Machinery and equipment investment tax credit .....  | 29e | <input type="text"/> | , | <input type="text"/> | , | <input type="text"/> | . | <input type="text"/> |
| f. Solid waste machinery and equipment investment tax credit .....  | 29f | <input type="text"/> | , | <input type="text"/> | , | <input type="text"/> | . | <input type="text"/> |
| g. Research expense tax credit .....  | 29g | <input type="text"/> | , | <input type="text"/> | , | <input type="text"/> | . | <input type="text"/> |
| h. Minimum tax credit .....   | 29h | <input type="text"/> | , | <input type="text"/> | , | <input type="text"/> | . | <input type="text"/> |
| i. Wood waste and cedar waste credits (1993 only) .....   | 29i | <input type="text"/> | , | <input type="text"/> | , | <input type="text"/> | . | <input type="text"/> |
| j. TOTAL: Add lines a through i, enter results here and on Form 1120X-ME, line 8d, Column C.<br>(Credit limited to the tax liability on line 7c, Column C, Form 1120X-ME, page 2) ..... | 29j | <input type="text"/> | , | <input type="text"/> | , | <input type="text"/> | . | <input type="text"/> |

- AMENDED
- AS ORIGINALLY REPORTED OR PREVIOUSLY ADJUSTED

**SCHEDULE D - MINIMUM TAX CREDIT**

This schedule must be completed even if same as originally filed or previously adjusted

|  |     |                      |   |                      |   |                      |   |                      |
|--|-----|----------------------|---|----------------------|---|----------------------|---|----------------------|
| 30. a. Net state minimum tax for the tax year prior to that shown on Form 1120X-ME, page 1 .....   | 30a | <input type="text"/> | , | <input type="text"/> | , | <input type="text"/> | . | <input type="text"/> |
| b. Minimum tax credit carryover from the tax year prior to that shown on Form 1120X-ME, page 1 .....   | 30b | <input type="text"/> | , | <input type="text"/> | , | <input type="text"/> | . | <input type="text"/> |
| c. Add lines a and b .....   | 30c | <input type="text"/> | , | <input type="text"/> | , | <input type="text"/> | . | <input type="text"/> |
| d. Regular income tax liability for the tax year shown on Form 1120X-ME, page 1<br>(gross tax less allowable credits - all Schedule C credits except minimum tax credit) ..... | 30d | <input type="text"/> | , | <input type="text"/> | , | <input type="text"/> | . | <input type="text"/> |
| e. State minimum tax (Form 1120X-ME, Schedule B, line 26) .....  | 30e | <input type="text"/> | , | <input type="text"/> | , | <input type="text"/> | . | <input type="text"/> |
| f. Subtract line e from line d (if zero or less, enter zero) .....   | 30f | <input type="text"/> | , | <input type="text"/> | , | <input type="text"/> | . | <input type="text"/> |
| g. State minimum tax credit: enter the smaller of line c or line f here and on Form 1120X-ME,<br>Schedule C, line 29h above .....  | 30g | <input type="text"/> | , | <input type="text"/> | , | <input type="text"/> | . | <input type="text"/> |
| h. Maine minimum tax credit carryover to the tax year following that shown on Form 1120X-ME,<br>page 1 (line c minus line g) .....   | 30h | <input type="text"/> | , | <input type="text"/> | , | <input type="text"/> | . | <input type="text"/> |

# INSTRUCTIONS FOR SCHEDULE CB AND COMBINED REPORTING

(This schedule, when applicable, is required to be filed with Form 1120ME or Form 1120X-ME)

## A. SCHEDULE CB:

Any taxable corporation with Maine nexus that is a member of an affiliated group, whether or not unitary as defined by Maine law, must complete Schedule CB. All members of the affiliated group must be listed except those members that are not required to file a federal income tax return. In Column 6, Schedule CB list federal taxable income for each member of the affiliated group from line 30, federal Form 1120 (from pro forma returns or from the consolidated income and expense summary). The total on line 13 is the federal taxable income of those affiliates that are unitary (those with a check mark in Column 5(a) and 5(c)).

## B. COMBINED REPORTING:

A taxable corporation that is a member of an affiliated group and that is engaged in a unitary business must file a combined report and base its Maine net income on the federal taxable income. Corporations that are part of a unitary group but are not subject to federal income tax are to be excluded from a combined report.

"Affiliated group" means a group of two or more corporations in which more than 50% of the voting stock of each member corporation is directly or indirectly owned by a common owner or owners, either corporate or non-corporate, or by one or more of the member corporations (36 M.R.S.A. §5102(1-B)). A "unitary business" is a business activity that is characterized by unity of ownership, functional integration, centralization of management and economies of scale. (36 M.R.S.A. §5102(10-A))

All corporations required to file federal returns that are part of an affiliated unitary group are required to be included in the combined report of any taxable corporation with Maine nexus even though the affiliated corporation has no nexus with Maine, including an FSC corporation.

## C. SPECIFIC INSTRUCTIONS - COMBINED REPORTING:

All members of the affiliated group are to be listed on Schedule CB, except those members who are not required to file a federal income tax return. The corporations listed that check Columns 5(a) and 5(c) form the basis for the Maine corporate income tax return.

A single return may be filed on which the aggregate Maine income 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 corporation: federal taxable income; state modifications and; sales, payroll and property in Maine and everywhere. Schedule CB, pages 1 and 2, must be completed and filed with Form 1120ME to provide this combined report.

Line 13. Total the entries in Columns 6 through 10 for only those corporations that check Columns 5(a) or 5(c). Enter the results on line 13 and on the appropriate lines on Form 1120ME. Line 13, Column 7(A), must agree with line 2f of Form 1120ME and line 13, Column 7(B) must agree with line 4e of Form 1120ME. It is not necessary to provide detailed amounts for each corporation for the amounts entered on lines 2a, b, c, d, e, f and lines 4a, b, c and d of Form 1120ME. The amounts listed on line 13, Columns 8, 9 and 10 of Schedule CB must agree with those entered on lines 12, 13 and 14, Columns (A) and (B) of Form 1120ME.

**SEE EXAMPLES ON REVERSE OF SCHEDULE CB, PAGE 2**



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

# MAINE CORPORATE INCOME TAX



970010400

Schedule CB 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 1120ME**

**SCHEDULE CB**  
**Page 1**  
**FORM 1120ME**

| Line No. | Column 1<br>*Corporation Name and Operating Address<br>(City and State) | Column 2<br>Federal Identification Number | Column 3<br>Does this corporation have Nexus with Maine |    | Column 4<br>Corporation's Product or Service   | Column 5<br>Check Appropriate Column |     |     |     | Column 6<br>Federal Taxable Income |
|----------|---|---|---|----|--|--------------------------------------|-----|-----|-----|------------------------------------|
|          |   |   | Yes   | No |  | (a)                                  | (b) | (c) | (d) |                                    |
| 1.       |   |   |   |    |  |                                      |     |     |     |                                    |
| 2.       |   |   |   |    |  |                                      |     |     |     |                                    |
| 3.       |   |   |   |    |  |                                      |     |     |     |                                    |
| 4.       |   |   |   |    |  |                                      |     |     |     |                                    |
| 5.       |   |   |   |    |  |                                      |     |     |     |                                    |
| 6.       |   |   |   |    |  |                                      |     |     |     |                                    |
| 7.       |   |   |   |    |  |                                      |     |     |     |                                    |
| 8.       |   |   |   |    |  |                                      |     |     |     |                                    |
| 9.       |   |   |   |    |  |                                      |     |     |     |                                    |
| 10.      |   |   |   |    |  |                                      |     |     |     |                                    |
| 11.      |   |   |   |    |  |                                      |     |     |     |                                    |
| 12.      |   |   |   |    |  |                                      |     |     |     |                                    |
|          |   |   |   |    | 13. Federal Taxable Income of Unitary Members (Enter on Form 1120ME, page 1, line 1) |                                      |     |     |     | \$                                 |
|          |   |   |   |    | 14. Federal Consolidated Taxable Income shown on line 30, page 1, federal Form 1120  |                                      |     |     |     | \$                                 |

\* Please indicate if FISC or 80/20 corporation

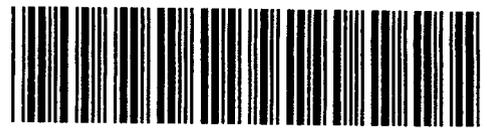
Column 5(a) - Unitary Member of Federal Consolidated Group  
 Column 5(b) - Non-Unitary Member of Federal Consolidated Group

Column 5(c) - Non-Cosolidated Unitary Member, Greater than 50% Ownership  
 Column 5(d) - Non-Consolidated, Non-Unitary Member, Greater than 50% Ownership



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

# MAINE CORPORATE INCOME TAX



970010500

This section of Schedule CB must be completed by those corporations that are filing a single combined report for all members of a unitary group. See instructions on the reverse side of Schedule CB, pages 1 and 2.

**SCHEDULE CB**  
**Page 2**  
**FORM 1120ME**

**This schedule must be attached to your Form 1120ME**

| Line No.      | Column 7<br>State Modifications |                 | Column 8                |                           | Column 9                  |                             | Column 10                  |                              |
|---------------|---------------------------------|-----------------|-------------------------|---------------------------|---------------------------|-----------------------------|----------------------------|------------------------------|
|               | A.<br>Subtractions              | B.<br>Additions | A.<br>Sales<br>in Maine | B.<br>Sales<br>Everywhere | A.<br>Payroll<br>in Maine | B.<br>Payroll<br>Everywhere | A.<br>Property<br>in Maine | B.<br>Property<br>Everywhere |
| 1.            |                                 |                 |                         |                           |                           |                             |                            |                              |
| 2.            |                                 |                 |                         |                           |                           |                             |                            |                              |
| 3.            |                                 |                 |                         |                           |                           |                             |                            |                              |
| 4.            |                                 |                 |                         |                           |                           |                             |                            |                              |
| 5.            |                                 |                 |                         |                           |                           |                             |                            |                              |
| 6.            |                                 |                 |                         |                           |                           |                             |                            |                              |
| 7.            |                                 |                 |                         |                           |                           |                             |                            |                              |
| 8.            |                                 |                 |                         |                           |                           |                             |                            |                              |
| 9.            |                                 |                 |                         |                           |                           |                             |                            |                              |
| 10.           |                                 |                 |                         |                           |                           |                             |                            |                              |
| 11.           |                                 |                 |                         |                           |                           |                             |                            |                              |
| 12.           |                                 |                 |                         |                           |                           |                             |                            |                              |
| TOTALS<br>13. |                                 |                 |                         |                           |                           |                             |                            |                              |

Example 1: Corporations X, Y and Z elect to file a federal consolidated Form 1120 as part of an affiliated group. Only X has nexus with Maine. X and Y are a unitary business; Z is unitary with neither X nor Y. Schedule CB would be completed as follows:

| Column 1<br>Name       | Column 3<br>Nexus? |    | Column 5* |     |     |     | Column 6<br>FTI |
|------------------------|--------------------|----|-----------|-----|-----|-----|-----------------|
|                        | Yes                | No | (a)       | (b) | (c) | (d) |                 |
| Corp X                 | x                  |    | x         |     |     |     | \$100           |
| Corp Y                 |                    | x  | x         |     |     |     | \$110           |
| Corp Z                 |                    | x  |           | x   |     |     | \$140           |
| 13. FTI - Unitary      |                    |    |           |     |     |     | \$210           |
| 14. FTI - Consolidated |                    |    |           |     |     |     | \$350           |

- \* Column 5:
- (a) Unitary member of federal consolidated group
  - (b) Non-unitary member of federal consolidated group
  - (c) Non-consolidated unitary member, greater than 50% ownership
  - (d) Non-consolidated, non-unitary member, greater than 50% ownership

FTI - Federal Taxable Income

Example 2: Corporations X, Y and Z elect to file a federal consolidated Form 1120 as part of an affiliated group. X and Y are unitary and have nexus with Maine. Z does not have nexus with Maine, and is unitary with neither X nor Y. X and Y have losses. Schedule CB would be completed as follows:

| Column 1<br>Name       | Column 3<br>Nexus? |    | Column 5* |     |     |     | Column 6<br>FTI |
|------------------------|--------------------|----|-----------|-----|-----|-----|-----------------|
|                        | Yes                | No | (a)       | (b) | (c) | (d) |                 |
| Corp X                 | x                  |    | x         |     |     |     | (\$80)          |
| Corp Y                 | x                  |    | x         |     |     |     | (\$50)          |
| Corp Z                 |                    | x  |           | x   |     |     | \$150           |
| 13. FTI - Unitary      |                    |    |           |     |     |     | (\$130)         |
| 14. FTI - Consolidated |                    |    |           |     |     |     | \$20            |

- \* Column 5:
- (a) Unitary member of federal consolidated group
  - (b) Non-unitary member of federal consolidated group
  - (c) Non-consolidated unitary member, greater than 50% ownership
  - (d) Non-consolidated, non-unitary member, greater than 50% ownership

Example 3: Affiliated corporations A, B and C elect to file a consolidated federal return. Corporations A and C are unitary businesses, B is not unitary with A or C. Corporation A has nexus with Maine, corporations B and C do not.

Year 1

| Column 1<br>Name       | Column 3<br>Nexus? |    | Column 5* |     |     |     | Column 6<br>FTI |
|------------------------|--------------------|----|-----------|-----|-----|-----|-----------------|
|                        | Yes                | No | (a)       | (b) | (c) | (d) |                 |
| Corp A                 | x                  |    | x         |     |     |     | (\$80)          |
| Corp B                 |                    | x  |           | x   |     |     | \$100           |
| Corp C                 |                    | x  | x         |     |     |     | \$10            |
| 13. FTI - Unitary      |                    |    |           |     |     |     | (\$70)          |
| 14. FTI - Consolidated |                    |    |           |     |     |     | \$30            |

Year 2

| Column 1<br>Name       | Column 3<br>Nexus? |    | Column 5* |     |     |     | Column 6<br>FTI |
|------------------------|--------------------|----|-----------|-----|-----|-----|-----------------|
|                        | Yes                | No | (a)       | (b) | (c) | (d) |                 |
| Corp A                 | x                  |    | x         |     |     |     | \$100           |
| Corp B                 |                    | x  |           | x   |     |     | \$100           |
| Corp C                 |                    | x  | x         |     |     |     | \$10            |
| 13. FTI - Unitary      |                    |    |           |     |     |     | \$110           |
| 14. FTI - Consolidated |                    |    |           |     |     |     | \$210           |

- \* Column 5:
- (a) Unitary member of federal consolidated group
  - (b) Non-unitary member of federal consolidated group
  - (c) Non-consolidated unitary member, greater than 50% ownership
  - (d) Non-consolidated, non-unitary member, greater than 50% ownership

In year 1, corporation A FTI on the Maine return is (\$70). Because the loss is not carried over to year 2 for federal purposes, it cannot be carried over for Maine purposes. In year 2, the FTI for Maine purposes is \$110.



## FILING YOUR TAX RETURN

You may file your tax return any time before the extension expires. But remember, Form 4477ME does not extend the time to pay taxes. If you do not pay the amount due by the regular due date, you will owe interest. You may also be charged penalties.

When you file your individual income tax return, include the amount of any payment you sent with Form 4477ME on line 28c of Form 1040ME. Individual income tax filers **MUST** file Maine Form 1040ME (long form). If you are filing a corporate, franchise or fiduciary return, enter your payment on the appropriate line.

If you and your spouse each filed a separate Form 4477ME, but later file a joint return for that year, enter the total paid with both Forms 4477ME on line 28c of Form 1040ME.

If you and your spouse jointly filed Form 4477ME, but later file separate returns for that year, you may enter the total amount paid with Form 4477ME on either of your separate returns. Or, you and your spouse may divide the extension payment in any agreed amounts. Be sure each separate return has the Social Security numbers of both spouses.

Do not attach a copy of Form 4477ME to your return.

## INTEREST AND PENALTIES

You will owe interest on any tax not paid by the regular due date of your return. The interest runs until you pay the tax.

The penalty for late payment is 1% of any balance due not paid by the regular due date. This rate applies to each month or part of a month the tax is unpaid. The maximum penalty is 25%. You will incur no late payment penalty for the period covered by this automatic extension if at least 90% of your actual tax liability for the year is paid before the regular due date of your return through withholding, estimated tax payments or with Form 4477ME.

The penalty for filing your return late is charged if your return is filed after the due date (including extensions). It is \$25 or 10% of the amount due, whichever is greater.

## SPECIFIC INSTRUCTIONS

**Line 1.** Enter your name(s) and address. If an individual and you plan to file a joint return, include both spouses' names in the order in which they will appear on your return. If this extension request is for a corporate or franchise return, enter the company's name and address. If it is for a fiduciary return, enter the name and address of the estate or trust.

**Lines 2 and 3.** Enter on line 2 the SSN that you will show first on your income tax return. If you plan to file jointly, enter your spouse's SSN on line 3. If this request is not for an individual income tax return, enter the appropriate federal ID number (EIN, fiduciary SSN, etc.)

**Line 4 (For individuals only).** If you already have 2 extra months to file because you were a U.S. citizen or resident and were out of the country, use this form to obtain an additional 2 months to file. Check the "Taxpayer Abroad" box on line 4. "Out of the country" has the same meaning as used for federal income tax purposes.

**Line 5.** Check the box that corresponds to the type of return for which you are requesting an extension.

**Line 6.** If you are requesting an extension for a calendar year individual income tax return, leave this line blank. All calendar year individual extensions last until August 15. If this is a corporate or franchise extension request, enter an end date one month later than IRS approved extension shown on federal Form 7004. If you are a fiscal year individual income tax filer, enter the date four months after your original due date.

**Line 7a - Total Tax Liability.** This is the amount you expect to enter as your total tax liability on your Maine income or franchise tax return (Form 1040ME, line 24; Form 1120ME, line 7c; Form 1120A-ME, line 7a; Form 1120B, line 3c; or Form 1041ME, line 4). If you expect this amount to be zero, enter zero.

**Line 7b - Total Payments.** This is the total of your Maine withholding, estimated taxes paid and tax credits, including overpayments from prior years (Schedule 5 adjustments for franchise returns).

**Line 7c - Balance.** Subtract line 7b from line 7a. If line 7b is more than line 7a, enter zero.

If you find you cannot pay the amount shown on line 7c, you can still get the extension, but you should pay as much as you can to limit the amount of interest you will owe. Also, you may be charged the late payment penalty on the unpaid tax from the regular due date of your return.

**Line 7d - Amount You are Paying.** Enter the amount of your check or money order. If you are paying your entire estimated tax due, this line should be the same as line 7c

Please use these labels on your business envelopes to mail your Corporate Income Tax Return, Estimated Tax Payments and Extension Form to Maine Revenue Services. Use of these labels helps the post office and Maine Revenue Services in processing your return and payments.

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

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AUGUSTA, ME 04332-1062





BULK RATE  
 U.S. POSTAGE  
 PAID  
 PERMIT NO. 8  
 AUGUSTA, ME

## INSTRUCTIONS FOR 2220ME

**PURPOSE OF FORM.** Form 2220ME will enable corporations, estates, trusts and financial institutions to determine if they paid the correct amount of estimated tax by the proper due date. If the minimum amount was not paid timely, an underpayment penalty is imposed for the period of underpayment. This form helps you to determine whether or not you are subject to this penalty.

**WHO MUST PAY THE UNDERPAYMENT PENALTY.** If you did not pay enough estimated tax by any due date for paying estimated tax, you may be charged a penalty.

In general, you may owe the penalty if, for 1997, you did not pay the smaller of 90% of your tax liability for 1997 or 100% of the tax liability for 1996 if the 1996 return covered 12 months. Large corporations, as defined by the Internal Revenue Code, S6655(q), must also meet the test required by 36 M.R.S.A. S5228(5)(c).

**EXCEPTIONS TO THE PENALTY.** You will not have to pay the penalty or file this form if either of the following two situations applies:

1. Your tax liability for 1997, reduced by allowable credits, is less than \$500.
2. Your 1996 tax liability was less than \$500.

The penalty may be avoided if at least 90% of the 1997 tax was paid when due, even though you may be required to file this form.

**ACTUAL LIABILITY FOR EACH QUARTER.** Taxpayers are required to make four equal installments of estimated tax unless the actual liability can be established, by adequate record, for each required installment payment of estimated tax.

**COMPUTATION OF UNDERPAYMENT PENALTY.** If no exception applies for an installment date, complete lines 9 through 13 to determine the amount of the penalty. The penalty is based on the amount of the underpayment of the required installment for the period of underpayment. It is computed at the stated rate for each month or fraction thereof in the period of underpayment. The penalty rate for calendar years 1997 and 1998 is .8333% per month or fraction thereof, compounded monthly. If your tax year is a calendar year, the effective rate for the number of months shown on line 10 is listed below. If your tax year is a fiscal year, you must calculate the applicable rate for line 11 on a schedule of your own design; do not use the table below.

| Number of Months shown on line 10    | 1       | 2       | 3       | 4       | 5       | 6       | 7       | 8       | 9       | 10      | 11      | 12      |
|--------------------------------------|---------|---------|---------|---------|---------|---------|---------|---------|---------|---------|---------|---------|
| Enter this Rate on line 11, Column A | .008333 | .016736 | .025209 | .033752 | .042367 | .051053 | .059812 | .068644 | .077549 | .086529 | .095583 | .104713 |
| Enter this Rate on line 11, Column B | .008333 | .016736 | .025209 | .033752 | .042367 | .051053 | .059812 | .068644 | .077549 | .086529 |         |         |
| Enter this Rate on line 11, Column C | .008333 | .016736 | .025209 | .033752 | .042367 | .051053 | .059812 |         |         |         |         |         |
| Enter this Rate on line 11, Column D | .008333 | .016736 | .025209 |         |         |         |         |         |         |         |         |         |

**INFORMATION:**  
 MAINE REVENUE SERVICES  
 INCOME/ESTATE TAX DIVISION  
 24 State House Station  
 Augusta, ME 04333-0024  
 Telephone: (207) 626-8475

**CORPORATE INCOME TAX  
 FORMS ORDERS:**  
 (207) 624-7894  
 For payment or collection  
 questions, call (207) 287-3301