

**2005**  
**TAX CREDIT FOR DEPENDENT HEALTH BENEFITS PAID**  
**WORKSHEET INSTRUCTIONS**

This credit is available to employers that offer a qualified health benefit plan and that employ fewer than five employees. This credit is equal to the lesser of 20% of the dependent health benefits paid by the employer or \$125 per employee with dependent health coverage. A taxpayer that employs five or more employees after qualifying for the credit may continue to qualify for the credit for another two years. Otherwise, a taxpayer may claim a credit only for those periods during which the employer: 1) offers a qualified health benefit plan that is made available to all of its low-income employees, 2) pays at least 80% of the health insurance costs for each low-income employee under the plan; and 3) pays at least 60% of the cost of dependent health insurance benefits for children under 19 who are dependents of low-income employees under the plan. The credit is limited to 50% of the income tax due. Any unused credit may be carried forward for two years.

**“Employer”** means entity that employs one or more individuals performing services for it within this State. For a complete definition of “employer,” see 26 M.R.S.A. § 1043.

**“Dependent”** means a dependent, as defined by IRC §152, who is under 19 years of age.

**“Dependent health benefits”** means health benefits and health insurance costs allowable as deductions to the employer under IRC § 105, paid by the taxpayer on behalf of the taxpayer’s low-income employees for the benefit of the employees’ dependents.

**“Health benefit plan”** means a plan that includes comprehensive coverage for at least the following range of benefits: inpatient and outpatient hospital services; physicians’ surgical and medical services; laboratory and x-ray services; and well-baby and well-child care, including age-appropriate immunizations. The plan must provide coverage that has an actuarial value no less than 80% of the actuarial value of coverage that is provided to employees of the State. For purposes of this paragraph, “actuarial value” means the expected cost of a benefit based on assumptions as to relevant variables such as morbidity, mortality, persistency and interest. When comparing the actuarial value of one benefit or package of benefits to another, both actuarial values must be based on the same assumptions. The plan must also impose copayment and deductible costs on the employee that do not exceed 10% of the actuarial value of all benefits afforded by the plan and makes the same or comparable coverage available for the benefit of the employee’s dependent children who are under 19 years of age.

**“Low-income employee”** means a Maine resident whose average weekly earnings from the employer do not exceed the State’s average weekly wage as calculated by the Department of Labor.

**SPECIFIC LINE INSTRUCTIONS**

Please enter the employer name and social security number (“SSN”) or employer identification number (“EIN”).

**Note:** In the case of pass-through entities (partnerships, LLCs, S corporations, trusts, etc.), the partners, members, shareholders, beneficiaries, etc., are allowed a credit in proportion to their respective interest in these entities. Attach a schedule showing the credit generated by the pass-through entity and the assignment/distribution to each partner, shareholder, beneficiary, etc. Include the name, address, and federal ID number of the pass-through entity on the schedule and the name and SSN/EIN of each partner, shareholder, beneficiary, etc.

Line 1. Enter any unused tax credit amounts from previous years. Unused credits may be carried forward for up to two years.

Line 2. Enter the total amount paid by the employer to provide dependent health benefits in 2005. See definition of “dependent health benefits” above.

Line 4. Enter the total number of employees with dependent health benefits provided by the employer.

Lines 8 & 9. The credit is limited to 50% of the Maine tax liability.

Line 11. Enter the unused credit amount here. That portion of the unused credit not exceeding the 2-year carryover period may be claimed on your Maine income tax return next year. This amount may be increased by any amount on line 10 not utilized on Form 1120ME, Schedule C or Form 1040ME, Schedule A due to the use of other credits first.



**2005**  
**TAX CREDIT FOR DEPENDENT HEALTH BENEFITS PAID**  
**WORKSHEET**  
**36 M.R.S.A. § 5219-O**

TAXPAYER NAME: \_\_\_\_\_ EIN/SSN: \_\_\_\_\_

**Note: Owners of pass-through entities (partnerships, LLCs, S corporations, trusts, etc.) making an eligible investment, see instructions. Also, please provide name and ID number of pass-through entity on the lines below.**

NAME OF PASS-THROUGH ENTITY EIN/SSN

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1. Carryforward from previous years ..... 1. \_\_\_\_\_
2. Amount paid for dependent health benefits in 2005. (See definition of "dependent health benefits" in the instructions) ..... 2. \_\_\_\_\_
3. Line 2 x 20% (0.20) ..... 3. \_\_\_\_\_
4. Number of employees in 2005 with dependent health benefits coverage ..... 4. \_\_\_\_\_
5. Line 4 x \$125 ..... 5. \_\_\_\_\_
6. Enter the lesser of line 3 or line 5 ..... 6. \_\_\_\_\_
7. **Total credit available this year:** Line 1 plus line 6  
 (Corporations enter this amount on Form 1120ME, Schedule C, line 29k, Credit Claimed) ..... 7. \_\_\_\_\_
8. Tax liability (Form 1120ME, line 7a or Form 1040ME, line 23 minus Schedule A, Line 3c). ..... 8. \_\_\_\_\_
9. Line 8 x 50% (0.50) ..... 9. \_\_\_\_\_
10. **Credit Amount:** Enter the lesser of line 7 or line 9  
 (enter here and on Form 1120ME, Schedule C, line 29k or Form 1040ME, Schedule A, line 18 ) ..... 10. \_\_\_\_\_
11. Carryforward: Line 7 minus line 10 plus any unused amount on Form 1120ME, Schedule C or Form 1040ME, Schedule A. .... 11. \_\_\_\_\_