



CREDIT FOR EDUCATIONAL OPPORTUNITY WORKSHEET FOR INDIVIDUALS - 2009 36 MRSA § 5217-D

TAXPAYER NAME: _____ SSN: _____

Read the instructions before completing this worksheet.

Did your employer(s) make eligible education loan payments on your behalf during your tax year beginning in 2009? YES NO

If **yes**, complete the following employer information:

EMPLOYER NAME: _____ EIN: _____

1. Monthly benchmark loan payment amount. Enter the monthly benchmark loan payment amount from your Student Opportunity Contract 1. \$ _____
2. Monthly eligible education loan payment amount. Enter the monthly amount of eligible education loan payments *due* during your tax year beginning in 2009, whether paid or not, and regardless of whether the amount was paid by you, your employer or someone else 2. \$ _____
 - a) Multiply the amount on line 2 (\$_____) by the number of months (____) each payment was due during your tax year. Enter the result here: \$_____.
 - b) Enter the total annual eligible education loan payment amount actually paid by you, your employer(s) and anyone else during your tax year beginning in 2009. Enter the result here: \$_____.

If line b is more than line a, STOP. You do not qualify for the credit. Do not file this worksheet with your return.

If line b is equal to or less than line a, go to line 3 and complete the remainder of the worksheet. Also, to support amounts entered on lines a and b, attach documentation from each lender showing the monthly payments due and the monthly payments actually made during your tax year beginning in 2009.

3. Enter line 1 or line 2, whichever is less 3. \$ _____
4. Percentage of coursework completed. Enter the percentage of coursework completed from your Student Opportunity Contact. Enter the amount as a decimal (for example, enter 25% as 0.2500) 4. _____
5. Multiply line 3 by line 4 5. \$ _____
6. With respect to that period of the tax year you were a resident of Maine working for an employer located in Maine, enter the number of months you, your employer and/or anyone else made eligible education loan payments. See instructions 6. \$ _____
7. Multiply line 5 by line 6 7. \$ _____
8. Enter the total amount of eligible education loan payments *you made* during your tax year beginning in 2009 8. \$ _____
9. Multiply line 2b by line 4 9. \$ _____
10. Enter line 7 or line 9, whichever is less 10. \$ _____
11. Your portion of line 10. Divide line 8 by line 2b 11. _____
12. Current year credit amount. Multiply line 10 by line 11. Enter the result here and on Form 1040ME, Schedule A, line 10 12. \$ _____
13. Carryover amount from 2008 13. _____
14. Total credit available (line 12 plus line 13) 14. _____
15. Carryforward to 2010 (see instructions) 15. \$ _____

2009
CREDIT FOR EDUCATIONAL OPPORTUNITY
WORKSHEET INSTRUCTIONS FOR INDIVIDUALS

GENERAL INSTRUCTIONS

Note: The **Credit for Educational Opportunity Worksheet for Individuals** and the related instructions below are for individual taxpayers only who have made eligible education loan payments. Employers eligible to claim a similar credit must complete a separate worksheet – the **Credit for Educational Opportunity Worksheet for Employers**. Owners of employers that are pass-through entities should also refer to that worksheet and related instructions regarding any credit amount for which they may be eligible to claim.

The Credit for Educational Opportunity is a component of the Job Creation Through Educational Opportunity Program available after 2007. Generally, the Maine Board of Education oversees the program, except for the credit, which is administered by Maine Revenue Services. The purpose of the program is to provide an income tax credit for education-related costs for Maine residents who obtain an associate's or bachelor's degree from a Maine college, junior college or university and who, after graduation, live, work and pay taxes in Maine. The credit is available to qualifying graduates and employers making eligible education loan payments. Students participate in the program by signing a Student Opportunity Contract after enrolling in a Maine college or university and by filing a copy of that contract with the Maine Secretary of State after graduation.

Qualifying graduates are those individuals who:

- were Maine residents at the time of enrollment in the Educational Opportunity Program (a person can meet this standard even if he or she began living in Maine at the time of enrollment);
- attended a Maine college or university in pursuit of an associate's or bachelor's degree;
- lived in Maine while in pursuit of an associate's or bachelor's degree from a Maine college or university;
- obtained an associate's or bachelor's degree from a Maine college or university; and
- after graduation, are Maine resident individuals working for an employer located in Maine.

The first four bullets above will be evidenced by the Student Opportunity Contract filed with the Maine Secretary of State upon graduation. The last bullet will be evidenced by information included on the Maine individual income tax return, Forms W-2 and other documentation that may be requested by Maine Revenue Services upon review of the return.

Credit amount. The credit is equal to the eligible education loan payments (defined below) paid by the taxpayer during the tax year, limited to the benchmark loan payment amount stated in the Student Opportunity Contract. The benchmark loan payment amount applies only if the total principal of loans the student received as part of their financial aid package exceeds the principal cap. The principal cap is based on the in-state tuition and fees for the Maine Community College System or the University of Maine System, depending on whether the degree is an associate's degree or a bachelor's degree. If the eligible education loan payments are made by the qualifying graduate and the graduate's employer(s), the total combined credit of the graduate and all employers may not exceed the benchmark loan payment amount. Also, a qualifying graduate and an employer may each claim a credit only on the basis of eligible education loan payments *they* each made. For example, a qualifying graduate may not claim a credit for a loan payment made by their employer. A credit may be claimed for both spouses on a married-joint return if both spouses are qualifying graduates. The credit may not reduce the tax otherwise due to less than zero. Any unused credit amount may be carried forward for up to 10 years.

Eligible education loan payments, for purposes of this worksheet, are payments made by, or on behalf of, a qualifying graduate with respect to education loans that are part of a financial aid package for attendance at a Maine college or university. Payments made on loans with a term fewer than 8 years do not qualify as eligible education loan payments. Generally, loans eligible for the credit are those loans listed in the Student Opportunity Contract. Payments made on refinanced eligible education loans qualify for the credit as long as the refinanced loan remains separate from any debt incurred outside of the individual's financial aid package, and only if the refinancing results in a decrease in overall indebtedness and annual repayment amount.

Ineligibility to claim credit. An individual is not eligible to claim the Credit for Educational Opportunity if they, their employer or anyone else in any way accelerates otherwise eligible education loan payments. Ineligibility for the credit commences with the tax year that the accelerated payments were made and for any future tax year. Also, any payments made by the individual's employer on those loans do not qualify for the employer's credit beginning with the tax year the accelerated payments commenced.

2009
CREDIT FOR EDUCATIONAL OPPORTUNITY
WORKSHEET INSTRUCTIONS FOR INDIVIDUALS

SPECIFIC INSTRUCTIONS

Enter your name and SSN in the spaces provided.

If your employer made eligible loan payments on your behalf during your tax year beginning in 2009, enter employer name and EIN (employer identification number) in the spaces provided. Your employer's EIN should be located on your Form W-2.

Line 1. Enter the monthly benchmark loan payment amount. This amount is stated in your Student Opportunity Contract. **Attach a complete copy of your Student Opportunity Contract filed with the Secretary of State.**

Line 2. Enter the *monthly* eligible education loan payment amount *due* during your tax year beginning in 2009. This is the amount *required* to be paid to the lender each month, whether or not the amount was paid, and regardless of whether you, your employer or anyone else paid the amount.

Line 2a. Calculate the *annual* amount of eligible education loan payments *due* during your tax year beginning in 2009. Multiply the amount you entered on line 2 by the number of monthly payments required to be made during your tax year, whether or not the amount was paid, and regardless of whether you, your employer(s) or someone else paid the amount. For example, if you were required to make 6 monthly payments of \$250 each on your loan in 2008, multiply 6 by \$250 and enter the result (\$1,500) in the space provided.

Line 2b. Calculate the *annual* amount of eligible education loan payments *actually* made during your tax year by you, your employer and/or anyone else. For example, if you were required to make 6 monthly payments of \$250 each on your loan in 2009, but only 5 monthly payments were made, multiply 5 by \$250 and enter the result (\$1,250) in the space provided.

Note: If line 2b is more than line 2a, it means that payments on the eligible education loans were accelerated during the tax year. An individual is not eligible to claim the credit if the education loan payments are in any way accelerated. If this has occurred, do not complete the worksheet and do not file a copy of the worksheet with your return. You also will not qualify for the Credit for Educational Opportunity in any future tax year.

If line 2b is equal to or less than line 2a, complete the remainder of the worksheet. Also, to support amounts entered on lines 2a and 2b, provide documentation from each lender showing the monthly payments due and the monthly payments actually made during your tax year beginning in 2009.

Line 4. Enter the percentage of coursework completed as a program participant from your Student Opportunity Contract. Enter the amount as a decimal (for example, enter 25% as .2500). Enter 100% as 1.0000.

Line 6. With respect to that period of the tax year you were a resident of Maine working for an employer located in Maine, enter the number of months you, your employer and/or anyone else made eligible education loan payments. For example, if you graduated May 2009, made 6 education loan payments beginning July 1, 2009, were a Maine resident from July 1, 2009 through the end of your tax year (December 31, 2009), and started working for a Maine employer August 1, 2009, enter 5 on line 6. In this example, there are only 5 months that you meet all of the requirements. If in this example you had started working for a Maine employer on July 1, 2009, you would enter 6 on line 6.

Line 8. Enter on line 8 the total amount of eligible education loan payments *you made* during your tax year beginning in 2009. For a definition of **eligible education loan payments**, see the General Instructions above.

Line 11. This line is used to determine your portion of the available credit. Divide line 8 by line 2b. Enter the result as a decimal carried out 4 places (example, $\$25/\$100 = 0.2500$). If lines 8 and 2b are equal, enter the decimal amount as 1.0000.

Line 15. The allowable credit is limited to the tax otherwise due. This limitation is applied on Maine Schedule A, line 20. Any unused credit resulting from the limitation may be carried over to succeeding tax years for up to 10 years. Keep a copy of the worksheet as a reminder of the amount of unused credit you carry forward to tax year 2010.