



MAINE ESTATE TAX RETURN FORM 706ME

FOR ESTATES OF DECEDENTS DYING DURING CALENDAR YEAR 2010



99

1010000

This return is due nine months after the date of death. Check here if this is an amended return

STEP 1

Estate of: First Name M.I. Last Name

Social Security Number (SSN) - - Date of Death (MM-DD-YY) - -

Domicile at Date of Death: Street Address

City/Town State ZIP Code County

Name of Personal Representative or Person In Possession of Decedent's Property (First Name, M.I., Last Name):
 - - - - - -

Personal Representative's SSN Telephone Number Fax Number

Personal Representative's Mailing Address

City/Town State ZIP Code Email address (optional)

Authorization is granted to the representative listed below to receive copies of confidential tax information under 36 MRSA § 191 and to act as the estate's representative before Maine Revenue Services.

Firm Name

First Name M.I. Last Name

Mailing Address

City/Town State ZIP Code Telephone Number - -

Email address (optional) Fax Number - -

STEP 3 Decedent's Maine Residency Status (check one) Resident Nonresident

STEP 4 - TAX COMPUTATION NOTE: The estate must file Form 706ME if the sum of lines 1 and 3 below exceed \$1,000,000 or if there is an amount reportable on line 7 or 9.

Federal Total Gross Estate Taxable by Maine	
1. Federal Total Gross Estate (2009 federal pro forma Form 706, Part 2, line 1)	1. <input type="text"/> , <input type="text"/> , <input type="text"/> , <input type="text"/> .00
2. Value of Federal Total Gross Estate taxable by Maine (see instructions)	2. <input type="text"/> , <input type="text"/> , <input type="text"/> , <input type="text"/> .00
Taxable Gifts	
3. Federal Adjusted Taxable Gifts (2009 federal pro forma Form 706, Part 2, line 4) .	3. <input type="text"/> , <input type="text"/> , <input type="text"/> , <input type="text"/> .00
4. Value of gifts included in line 3 made within one year of date of death	4. <input type="text"/> , <input type="text"/> , <input type="text"/> , <input type="text"/> .00
5. Value of gifts included in line 4 taxable by Maine (see instructions)	5. <input type="text"/> , <input type="text"/> , <input type="text"/> , <input type="text"/> .00
6. Modified Federal Adjusted Taxable Gifts (line 3 minus line 4)	6. <input type="text"/> , <input type="text"/> , <input type="text"/> , <input type="text"/> .00
Marital Adjustments	
7. Gross value of Maine elective property (see instructions)	7. <input type="text"/> , <input type="text"/> , <input type="text"/> , <input type="text"/> .00
8. Value of property included in line 7 taxable by Maine (see instructions)	8. <input type="text"/> , <input type="text"/> , <input type="text"/> , <input type="text"/> .00
9. Maine Qualified Terminable Interest Property (QTIP). Must not exceed \$2,500,000 for 2010 (see instructions)	9. <input type="text"/> , <input type="text"/> , <input type="text"/> .00

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Maine Taxable Estate

- 10. Modified Maine Taxable Property (add lines 2, 5 and 8)10. , , , .00
- 11. Maine Gross Estate (add lines 1, 4 and 7) 11. , , , .00
- 12. Federal Tentative Taxable Estate
(2009 federal pro forma Form 706, Part 2, line 3a) 12. , , , .00
- 13. Maine Tentative Taxable Estate (line 4 plus line 12) 13. , , , .00
- 14. Maine Taxable Estate (line 13 plus line 7 minus line 9) 14. , , , .00

NOTE: If the total of lines 6 and 14 do not exceed \$1,000,000, skip lines 15-19 and go to line 20.

Maine Estate Tax

- 15. Gross tax (from Worksheet A, page 4, line 8) 15. , , .00
- 16. Percentage of property taxable by Maine (line 10 divided by line 11; round to
6 decimal points) 16. .
- 17. Maine estate tax (line 15 multiplied by line 16) 17. , , .00
- 18. Maine Resident Estates: Credit for taxes paid to other jurisdictions on certain
intangible property (from Worksheet D, line 7) 18. , , .00
- 19. Net tax (line 17 minus line 18) 19. , , .00

Amount Due or Refund

- 20. Payments: Estimated payments, extension payments, amount paid with
original return (amended returns only) 20. , , .00
- 21. Interest and penalty amounts (see instructions) 21. , , .00
- 22. Amount due (line 19 minus line 20 plus line 21) 22. , , .00
- 23. Refund due (line 20 minus line 19) 23. , , .00

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Filing Order

- STEP 5**
- 1. Form 706ME
 - 2. Discharge of Estate Tax Lien
 - 3. Federal Form 706 (2009 pro forma)
 - 4. Schedules for federal Form 706
 - 5. Death Certificate
 - 6. Decedent's 2009 federal income tax return, including all forms and schedules.
 - 7. Other supporting documents (see instructions)

Marital Status of Decedent: Married with surviving spouse } Spouse's SSN: - -

Widow / Widower

Single / Divorced

Under penalties of perjury, I declare that I have examined this return and accompanying schedules and statements, including the pro forma federal return if required, and to the best of my knowledge and belief they are true, correct and complete. Declaration of preparer is based on all information of which preparer has any knowledge.

Signature of executor or personal representative - **Required** _____ Date _____

Signature of preparer other than personal representative _____ Preparer's SSN or PTIN _____ Date _____

Firm's name (or yours if self-employed) _____ Preparer's address _____ Preparer's phone number _____



If enclosing a check, make check payable to:
Treasurer, State of Maine
and MAIL WITH RETURN TO:
MAINE REVENUE SERVICES
P.O. BOX 1065
AUGUSTA, ME 04332-1065

If not enclosing a check,
MAIL RETURN TO:
MAINE REVENUE SERVICES
P.O. BOX 1064
AUGUSTA, ME 04332-1064

Office use only

INSTRUCTIONS FOR 2010 MAINE ESTATE TAX RETURN (36 MRSA §§ 4061 - 4079)

For FAQs and other estate tax information, see www.maine.gov/revenue/incomeestate/estate.

New for 2010: New for 2010: The Maine estate tax for deaths occurring after 2009 must be determined in accordance with the law applicable to decedents dying during calendar year 2009. As a result, 2009 federal pro forma Form 706 must be completed in order to complete Maine Form 706ME for deaths occurring in 2010. Line references to the federal form on Maine Form 706ME and in the Maine instructions refer to the 2009 federal pro forma Form 706.

Maine Worksheet 706C has been eliminated. Calculations previously performed on Worksheet 706C have been combined with the calculations on Form 706ME, step 4.

The Maine Certificate of Discharge of Estate Tax Lien for both real and tangible personal property may now be submitted to Maine Revenue Services (MRS) as an attachment to an email sent to MRS at estatetax@maine.gov. The attachment may be formatted as a pdf or word processing file. A certificate sent via email is acceptable only if sent from the email address in either Step 1 or Step 2 on the Maine estate tax Form 706ME. If you are unable to, or prefer not to, file the certificate via email, you may file the certificate with Form 706ME. Although the certificate may be submitted by email, Form 706ME must be sent by mail to the appropriate address shown on page 2 of the form.

Step 1 Enter all required information. Failure to fully complete Step 1 will delay processing of the return. A personal representative can also be known as an executor or any other individual legally responsible for administration of the estate. If a personal representative has not been appointed, qualified and acting in the United States, every person in actual or constructive possession of any property of the decedent is considered a personal representative and must file a return or be listed on the single return that is filed for the estate. If the estate has more than one personal representative, fill in the information for one personal representative and attach a schedule listing all other personal representatives. A personal representative, including a nonresident, may have to file a Maine income tax return for any estate fees or other income earned in Maine. For more information, see Maine Rule 806 and the instructions for Form 1040ME, Schedule NR at www.maine.gov/revenue.

Step 2 This step must be completed if you choose to have copies of confidential tax information sent to anyone other than the personal representative, such as the preparer of Form 706ME. If a paid preparer completed the return, that preparer must also sign the return on page 2.

Step 3 Check the appropriate box for the decedent's residency status. For additional information concerning residency status, visit www.maine.gov/revenue/incomeestate/guidance and review "Guidance to Residency Status."

Step 4 Tax Computation. Complete this section based on 2009 federal pro forma Form 706. If the federal total gross estate (line 1) plus federal adjusted taxable gifts (line 3) is greater than \$1,000,000, or the estate has Maine elective property (line 7) or is making a Maine QTIP election greater than zero (line 9), a completed Form 706ME must be submitted. Otherwise, you may file Form 706ME-EZ to request a discharge of the automatic property lien provided under 36 MRSA § 4072.

Line 2: Value of Federal Total Gross Estate taxable by Maine.

Maine resident estates: Enter line 1 less the value of real and tangible personal property owned by the decedent and located outside of Maine.

Maine nonresident estates: Enter the value included in line 1 of all real and tangible personal property located in Maine and owned by the decedent. This includes Maine real and tangible personal property transferred to trusts, LLCs or other pass-through entities, but excluding property transferred to a pass-through entity for full and adequate consideration for a valid business purpose – as long as the pass-through entity to which the property was transferred carries on a business for the purpose of profit and gain. Include proceeds from the sale of property made in contemplation of death. See 36 MRSA § 4064.

Line 4: Value of taxable gifts included in line 3 made within one year of date of death. Enter the total value of taxable gifts included

in line 3 completed within the 365-day period ending on the date of death of the decedent.

Line 5: Value of gifts included in line 4 taxable by Maine. Attach copy of appropriate federal pro forma Form 709.

Maine resident estates: Enter line 4 less the value of taxable gifts of real and tangible personal property included in line 4 located outside of Maine at the time of the gift.

Maine nonresident estates: Enter the value included in line 4 of all gift of real and tangible personal property located in Maine. This includes Maine real and tangible personal property transferred to trusts, LLCs or other pass-through entities, but excluding property transferred to a pass-through entity for full and adequate consideration for a valid business purpose – as long as the pass-through entity to which the property was transferred carries on a business for the purpose of profit and gain. Include proceeds from the sale of property made in contemplation of death. See 36 MRSA § 4064.

Line 7: Gross value of Maine elective property. If the estate contains Maine elective property, Form 706ME must be filed. If the decedent on this return had a predeceased spouse who claimed a Maine QTIP deduction on a Maine estate tax return, this decedent's estate tax return must include the current value of any remaining Maine QTIP property on this line, regardless of location or type (tangible or intangible). This amount is called Maine elective property. All holdings, including cash, securities, as well as real estate and tangible personal property, that constitute Maine elective property must be included on this line. The property must be valued at the date of death of the decedent on this return (unless the alternate valuation date is used for all other assets in the estate). See Rule 601 for more information.

Line 8: Value of property included in line 7 taxable by Maine.

Maine resident estates: Enter line 7 less the value of real and tangible personal property located outside of Maine included in the line 7 total.

Maine nonresident estates: Enter the value, included in line 7, of all real and tangible personal property located in Maine and included in the QTIP. This includes Maine real and tangible personal property transferred to trusts, LLCs or other pass-through entities. Include proceeds from the sale of property made in contemplation of death. See 36 MRSA § 4064.

Line 9: Maine Qualified Terminable Interest Property (QTIP) Election. Maine allows an estate tax deduction for assets that are eligible for the QTIP election under IRC section 2056(b)(7), when a QTIP election is not made on that property for federal estate tax purposes. The completion of line 9 with an amount greater than zero constitutes a Maine QTIP election for eligible property by the executor or personal representative. The maximum allowable Maine QTIP deduction on line 9 is the difference between the decedent's federal exclusion amount and the Maine exclusion amount, but in no event may the Maine QTIP deduction exceed \$2,500,000 for 2010. If the deduction on line 9 is a portion of a trust included in the federal taxable estate (2009 federal pro forma Form 706), the executor or personal representative is considered to have made an election only as to a fraction of the trust (or other property). The numerator of this fraction is equal to the amount of the trust (or other property) deducted on line 9, and the denominator is equal to the total value of the trust (or other property) at the time of death of the deducting decedent (prior decedent spouse). Attach a description of the Maine QTIP property. Maine QTIP property cannot consist of items that were includible as taxable gifts on the federal return (2009 federal pro forma Form 706). The Maine QTIP election defers taxation of the value of that property to the death of the decedent's spouse (subsequent decedent spouse). The Maine estate tax return for the subsequent decedent spouse must include the remaining value of the Maine QTIP property, which is referred to as Maine elective property. See Rule 601 for more information.

Line 20: Payments. Enter the total amount of Maine estimated and extension payments made for this estate. If this is an amended return, include on this line the amount of Maine estate tax paid with the original return.

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Line 21: Interest and penalties. Interest and penalties may apply if the return is filed, or the tax is paid, after the due date. Contact the Income/Estate Tax Division, Maine Revenue Services, at 207-626-8480 for specific information necessary to complete this line. The annual interest rate for 2010 is 7%, compounded monthly.

Late filing and 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 is 100% of the tax 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%.

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

Line 22: Amount due. Enter the total amount due with this return. Make check payable to Treasurer, State of Maine and send to Maine Revenue Services, P.O. Box 1065, Augusta, Maine 04332-1065. Please write the decedent's name/social security number and "Form 706ME" on the check to ensure proper credit.

Line 23: Refund due. Enter the total refund due. Allow 4-6 weeks to process the refund. Mail return to Maine Revenue Services, PO Box 1064, Augusta, Maine 04332-1064.

Step 5 File the Maine estate tax return with supporting documentation in the order listed. Other supporting documents include death certificate, trust documents and appraisals to support the claims on the return. Proper documentation will allow Maine Revenue Services to process the return without having to contact the preparer for additional information.

Extension. If the estate is unable to file the return by the original due date, Maine allows an automatic extension equal to any federal extension or 6 months, whichever is the longer period of time. An extension to file is not an extension to pay the tax. **An extension to pay the tax must be requested in writing.**

Amended returns. Amended Maine estate tax returns must be filed within 90 days of receipt of property or entitlement to property, or a change by the Internal Revenue Service that increases the Maine estate tax liability. The requirement applies to receipts, entitlements and changes occurring after the assessor's determination of the estate tax due with respect to the original Maine estate tax return.

Final federal determination. If a final federal determination has been made, the assessor can make a separate determination regarding an estate tax issue. For estates of deaths occurring on or after July 1, 2009, but before July 1, 2010, the assessor's determination must be made within the later of two years from the due date, or two years from the filing date, of the return. For estates of deaths occurring on or after July 1, 2010, the assessor's determination must be made within one year from the filing date of the return.

Audit adjustments. MRS is required to notify the IRS of any audit adjustments that affect the federal liability of the estate.

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WORKSHEET A FOR CALCULATING LINE 15

1) Maine taxable estate (page 2, line 14).....	\$			5) Gross Federal Estate Tax* (2009 federal pro forma form 706, Part 2, line 8 [calculated as if zero deduction on line 3b])	\$	
2) Less	\$	60,000		6) Applicable Credit for 2010	\$	345,800
3) Adjusted Maine taxable estate (line 1 minus line 2). If zero or less, enter zero	\$			7) Line 5 minus line 6 (if zero or less, enter zero).....	\$	
4) Determine the amount to enter by using amount on line 3 and applying Table A below	\$			8) Gross Tax (line 4 or line 7, whichever is less). Also, enter on page 2, line 15.	\$	

* **NOTE:** If the estate contains Maine QTIP or Maine elective property, calculate the amount for line 5 of the worksheet above by reducing the federal taxable estate plus prior taxable gifts (2009 federal pro forma Form 706, Part 2, line 5) by the amount of the Maine QTIP and increasing the federal taxable estate by the amount of Maine elective property. This tax amount is then reduced by gift tax paid/payable on 2009 federal pro forma Form 706, line 7.

Table A			(1)	(2)	(3)	(4)
at least:	BUT	less than:	If worksheet, Line 3 is	Subtract the	Multiply	Add
			following amount from	worksheet, Line 3:	Result by:	and enter result
						on worksheet, Line 4:
0		\$40,000		0	0	0
\$40,000		90,000		\$40,000	0.8%	0
90,000		140,000		90,000	1.6%	\$400
140,000		240,000		140,000	2.4%	1,200
240,000		440,000		240,000	3.2%	3,600
440,000		640,000		440,000	4.0%	10,000
640,000		840,000		640,000	4.8%	18,000
840,000		1,040,000		840,000	5.6%	27,600
1,040,000		1,540,000		1,040,000	6.4%	38,800
1,540,000		2,040,000		1,540,000	7.2%	70,800
2,040,000		2,540,000		2,040,000	8.0%	106,800
2,540,000		3,040,000		2,540,000	8.8%	146,800
3,040,000		3,540,000		3,040,000	9.6%	190,800
3,540,000		4,040,000		3,540,000	10.4%	238,800
4,040,000		5,040,000		4,040,000	11.2%	290,800
5,040,000		6,040,000		5,040,000	12.0%	402,800
6,040,000		7,040,000		6,040,000	12.8%	522,800
7,040,000		8,040,000		7,040,000	13.6%	650,800
8,040,000		9,040,000		8,040,000	14.4%	786,800
9,040,000		10,040,000		9,040,000	15.2%	930,800
10,040,000		-----		10,040,000	16.0%	1,082,800