



2002

1065ME/1120S-ME MAINE INFORMATION RETURN FOR PARTNERSHIPS/S CORPORATIONS

020081000

For calendar year 2002 or tax year beginning in 2002

Form header section including tax period (02), federal employer ID no., state of incorporation, date incorporated, name, address, city/town/post office, state, zip code, business code, tax matters partner/person, identifying number of tax matters person, and telephone number.

TYPE OF ENTITY: Partnership, S corporation, Limited liability company. CHECK HERE IF: First filing of the entity, Amended return, Final return, Name or address has changed.

Do not submit photocopies of this form; photocopies cannot be processed by the Maine Revenue Services scanning system. Do not use red ink.

- 1. Number of partners, shareholders or members: a. Residents (of Maine) b. Nonresidents c. Total d. Over 100 partners/shareholders... e. 100 or fewer partners/shareholders... 2. Have you made/will you make composite filing under Rule 805 for nonresident partners/shareholders? Yes No

THIS SECTION MUST BE COMPLETED BY ALL FILERS

3. LOCATION OF DOING BUSINESS:

- a. Business activity entirely within Maine; this includes making out-of-state sales that are not taxable in other states (complete only line 4e below and enter that amount on 4f). b. Business has no Maine resident partners and all business activity entirely outside Maine, with no payroll, sales or property in Maine (STOP - you do not have to file this return). c. Engaged in interstate commerce including doing business in Maine or has Maine resident partners, shareholders or members (complete all lines below).

4. a. Total SALES net of returns and allowances b. Total PAYROLL c. Total PROPERTY d. MAINE APPORTIONMENT FACTOR (total of Column C) e. Enter ENTITY INCOME OR LOSS (see instructions) f. TOTAL MAINE INCOME OR LOSS (line 4d multiplied by line 4e)

Under penalties of perjury, I declare that I have examined this return and accompanying schedules and statements and to the best of my knowledge and belief they are true, correct, and complete. Declaration of preparer (other than taxpayer) is based on all information of which preparer has any knowledge.

Signature lines for Officer's signature, Title, Date, Preparer's signature, Date, and Office use only (LG, K-1).

PLEASE DO NOT STAPLE OR TAPE FORMS TO THIS RETURN

FORM 1065ME/1120S-ME INSTRUCTIONS

WHO MUST FILE THIS FORM? Partnerships and S corporations filing federal Form 1065 or 1120S that do business in Maine or that have resident partners or shareholders. S corporations that have federal taxable income must also file Form 1120ME. Financial institutions organized as partnerships or S corporations do not file this form – see instructions for Form 1120B-ME. Forms are available at: www.maine.gov/revenue or by calling 207-624-7894.

LIMITED LIABILITY COMPANIES. A domestic limited liability company or a 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.

WHEN MUST THE FORM BE FILED? S corporations must file Form 1065ME/1120S-ME by the 15th day of the 3rd month following the close of the taxable year. Partnerships must file Form 1065ME/1120S-ME by the 15th day of the 4th month following the close of the taxable year.

EXTENSIONS FOR FILING. A State of Maine extension request form is no longer required. If you are unable to file your return by the original due date of the return, Maine allows an automatic seven-month extension of time to file an S corporation return and six months to file a partnership return.

WHERE TO FILE. Mail completed form with copies of federal Form 1065 or Form 1120S to Maine Revenue Services, P.O. Box 9117, Augusta, ME 04332-9117.

SPECIFIC INSTRUCTIONS

- If other than a calendar year, enter beginning and ending dates for the tax year covered by the return.
- Indicate the business name and mailing address, including the name of the entity officer or tax matters partner to whom correspondence should be addressed. Enter telephone number.
- Enter the EIN used on federal Form 1065 or Form 1120S. Enter all requested demographic information.
- Check the appropriate business type and attach the corresponding federal form to Form 1065ME/1120S-ME.
- Indicate if address has changed.
- Indicate if an amended, first or final return.

LINE 1.

- (a) Indicate number of partners/shareholders who are residents of Maine.
- (b) Indicate number of partners/shareholders who are nonresidents of Maine.
- (c) Indicate total number of partners/shareholders.

LINE 2. Composite filing under MRS Rule 805 for non-Maine resident partners/shareholders. A composite return is filed by a partnership or S

corporation for its nonresident partners/shareholders electing to participate and whose only Maine income is from the entity (see 36 M.R.S.A. § 5192(5)). Indicate “Yes” if filing a composite return for any nonresident partner/shareholder. See www.maine.gov/revenue for composite filing information.

LINE 3. Indicate location of partnership or S corporation business activity. If line 3a is checked, complete lines 4e and 4f. If line 3c is checked, complete lines 4a - 4f. If line 3b is checked, you do not have to file this return.

LINE 4. Apportionment of Income Schedule. This schedule is for entities engaged in interstate business. Maine employs a three-factor formula to determine the percentage of business 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 Maine, the taxpayer may petition for, or the State Tax Assessor may require, an alternate method of apportionment. 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, change the weight of the remaining factor to 100%. If you are excluding any factors, attach a schedule detailing the factors used and the apportionment computation. The total of lines 4a, 4b and 4c (from Column C) must equal the amount you enter on line 4d. See MRS Rule 801.

Sales Factor (line a). “Sales” means all gross receipts such as trade sales, dividends, interest, rents and royalties. 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 U.S. 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 in storage in Maine and the purchaser is the U.S. 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 any other state, based on costs of performance.

Payroll Factor (line b). The payroll factor is a fraction, the numerator of which is the total paid in Maine during the tax period by the taxpayer for compensation, and the denominator of which is the 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, or (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 the 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 in a state in which no service is performed, and the individual’s residence is in Maine.

Property Factor (line c). 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. The value of rental property for purposes of apportioning income to Maine is eight times the annual rental rate paid by the taxpayer. 36 M.R.S.A. § 5211(10). The average value of the property is determined by averaging the values at the beginning and ending of the tax period, but the State 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 4c. Entity Income. Partnerships enter on this line the amount from federal Form 1065, Schedule K, Analysis of Net Income, line 1. S corporations enter on this line the amount from federal Form 1120S, Schedule K, line 23.

Signature(s) is/are required. Visit our Web site at www.maine.gov/revenue or call the forms line at 207-624-7894 if you need additional copies of this form or the Schedule of Partners/Shareholders Income. If you have any questions, call 207-626-8475 weekdays 8:00 a.m. - 5:00 p.m., except holidays.

NOTE: For entities with over 100 partners/shareholders, no K-1s should be attached and the Schedule of Partners/Shareholders Income is not required. Maine does not have a state Schedule K-1.