



2002

SCHEDULES 1 & 2

020211200

Attachment Sequence No. 2

See instructions on pages 9 and 10. Enclose with your Form 1040ME

Name(s) as shown on Form 1040ME

Your Social Security Number

SCHEDULE 1 — INCOME MODIFICATIONS

1 ADDITIONS to federal adjusted gross income.

- a Income from municipal and state bonds, other than Maine
b Net Operating Loss Recovery Adjustment
c Maine State Retirement Contributions
d Fiduciary Adjustment- additions only
e 30% Bonus Depreciation Add-back
f Other
g Total additions

2 SUBTRACTIONS from federal adjusted gross income.

- a U.S. Government Bond interest included in federal adjusted gross income
b State Income Tax Refund
c Social Security and Railroad Retirement Benefits included in federal adjusted gross income
d Pension Income Deduction
e Interest from Maine Municipal General Obligation Bonds included in federal adjusted gross income
f Premiums for Long-Term Care Insurance
g Maine State Retirement System Pick-Up Contributions
h Federal Work Opportunity Credit
i Fiduciary Adjustment-deductions only
j Other
k Total Subtractions

3 Net Modification (Subtract line 2k from line 1g — enter here and on 1040ME, page 1, line 15 [May be a negative amount])

SCHEDULE 2 — ITEMIZED DEDUCTIONS

- 4 Total itemized deductions from federal Form 1040, Schedule A, line 28
5 a Income taxes imposed by this state or any other taxing jurisdiction included in line 4 above
b Deductible costs, included in line 4 above, incurred in the production of Maine exempt income
c Amounts included in line 4 that are also being claimed for the Family Development Account Credit on Maine Schedule A, line 23
d Amount included in line 4 attributable to income from an ownership interest in a flow-through entity financial institution
6 Deductible costs of producing income exempt from federal income tax, but taxable by Maine
7 Line 4 minus lines 5a, b, c, and d plus line 6. Enter result here and on 1040ME, page 1, line 17

Note: If the amount on line 7 is less than your allowable standard deduction, use the standard deduction. If Married Filing Separately, however, both spouses must either itemize or use the standard deduction.



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**2002 - Worksheet for Pension Income Deduction - Schedule 1, Line 2d**

Enclose with your Form 1040ME

You and your spouse (if married) may each deduct up to \$6,000 of eligible pension income\* that is included in your federal adjusted gross income. Except for military pension benefits, the \$6,000 cap must be reduced by any social security and railroad retirement benefits received, whether taxable or not. Deductible pension income includes state, federal, and military pension benefits as well as retirement benefits received from plans established and maintained by an employer for the benefit of its employees under Sections 401(a) (Qualified Pension Plans, including qualified SIMPLE plans), 403 (Employee annuities), and 457(b) (State and local government/tax exempt organizations/eligible deferred compensation plans) of the Internal Revenue Code (IRC). Pension benefits received from an individual retirement account (including SIMPLE retirement accounts), simplified employee pension plan, benefits from an ineligible deferred compensation plan, *premature* lump-sum distributions subject to the special federal tax on lump-sum distributions, and refunds of excess contributions do not qualify for the deduction. Also, disability benefits reported as wages do not qualify. **\*Except in the case of a surviving spouse, eligible pension income does not include benefits earned by another person. Only the individual that earned the benefit from prior employment may claim the pension income for the deduction. However, a widowed spouse receiving survivor's benefits under an eligible pension plan may claim that amount for purposes of this deduction, but the total pension deduction for the surviving spouse may not exceed \$6,000.**

**NOTE:** Enter eligible non-military pension benefits on line 1 and eligible military pension benefits on line 6.

		Taxpayer	Spouse*
1. Total eligible <b>non-military</b> pension income (both Maine and non-Maine sources) included in your federal adjusted gross income (from federal form 1040A, line 12b or Form 1040, line 16b). ( <i>Do not include social security or railroad retirement benefits received or pension benefits received from an individual retirement account, simplified employee pension plan, an ineligible deferred compensation plan, premature lump-sum distributions subject to the special federal tax on lump-sum distributions, or refunds of excess contributions</i> ).	1.	\$	\$
2. Maximum allowable deduction	2.	\$ 6,000.00	\$ 6,000.00
3. <b>Total</b> social security and railroad retirement benefits you received - whether taxable or not	3.	\$	\$
4. Subtract line 3 from line 2 (if zero or less, enter zero)	4.	\$	\$
5. Enter the smaller of line 1 or line 4 here	5.	\$	\$
6. Total eligible <b>military</b> pension income	6.	\$	\$
7. Add line 5 and line 6	7.	\$	\$
8. Enter the smaller of line 2 or line 7 here and the total for both spouses on 1040ME, Schedule 1, line 2d or 1040S-ME, line 14	8.	\$	\$

**\*Use this column only if filing a married-joint return and only if spouse separately earned an eligible pension.**

**2002 WORKSHEET for Maine Schedule 1, line 2f**

For individuals claiming a deduction for long-term care insurance premiums. Do not complete if you are **not** claiming Maine itemized deductions.

- Enter total amount of long-term care insurance premiums paid during 2002: ..... \$
- Enter amount from federal Schedule A, line 1 ..... \$ \_\_\_\_\_
- Enter amount of long-term care premiums included in line 2 above ..... \$ \_\_\_\_\_
- Divide line 3 by line 2 ..... \_ . \_ \_ \_ \_
- Enter amount from federal Schedule A, line 4 \$ \_\_\_\_\_ and multiply by percentage on line 4 above .... \$ \_\_\_\_\_
- Subtract line 5 from line 1. Enter result here and on Schedule 1, line 2f ..... \$ \_\_\_\_\_

**2002 WORKSHEET for Maine Schedule 2, line 5a**

For individuals whose federal adjusted gross income exceeds \$137,300 [\$68,650 if Married filing separate].

- Enter total state and local income taxes (from federal Schedule A, line 5) ..... \$ \_\_\_\_\_
- Enter federal itemized deductions subject to 3% reduction (from federal itemized deduction worksheet, line 3) ... \$ \_\_\_\_\_
- Divide line 1 by line 2. Enter result here ..... \_ . \_ \_ \_ \_
- Enter federal itemized deductions disallowed (from federal itemized deduction worksheet, line 9) ..... \$ \_\_\_\_\_
- Multiply line 4 by the percentage on line 3. Enter result here ..... \$ \_\_\_\_\_
- Subtract line 5 from line 1. Enter result here and on Schedule 2, line 5a ..... \$ \_\_\_\_\_