



24 State House Station, Augusta, ME 04333-0024

# Guidance Document

## INSTRUCTIONAL PAMPHLET FOR INDIVIDUAL INCOME TAX

Schedule NR  
Worksheet A  
Worksheet B

for Part-Year Residents/Nonresidents/"Safe Harbor" Residents

## SCHEDULE NR

### PART-YEAR RESIDENTS, NONRESIDENTS and “SAFE HARBOR RESIDENTS” ONLY

If you are a **part-year resident** of Maine and received income during that part of the year you were a resident of Maine, or, during any period of nonresidency, had income from Maine sources resulting in a Maine income tax liability, you must file a Maine long form (1040ME).\* **However, nonresident and “safe harbor” resident individuals may not be required to file if the number of days worked in Maine as an employee is 10 or less and the only Maine income is compensation for personal services. See 36 MRSA §§ 5142(8-A) and 5220(2).**

**NOTE:** Compensation received after 2003 from personal services performed in Maine prior to 2004 by a nonresident individual is taxable to Maine only if the taxpayer performs personal services in Maine for more than 10 days during the tax year in which the compensation is received. Compensation received after 2003 for personal services performed in Maine after 2003 by a nonresident or “safe harbor” resident individual is taxable to Maine only if the taxpayer performed personal services in Maine for more than 10 days during the tax year in which the compensation was earned.

*\*Only full-year residents of Maine may file a Maine short form (1040S-ME). If you file a short form return, you will be treated as a resident of Maine for the entire year.*

*For more information regarding residency status, please refer to the “**Guidance to Residency Status**” brochure and the “**Guidance to Residency Safe Harbors**” brochure which can be downloaded at [www.maine.gov/revenue/incomeestate/guidance/](http://www.maine.gov/revenue/incomeestate/guidance/).*

Part-year residents, nonresidents and “safe harbor” residents who receive income from outside Maine during the period of nonresidence may be able to claim a nonresident credit. This credit is calculated on Schedule NR using Worksheet A, Worksheet B and, if necessary, Worksheet C. The nonresident credit may be claimed only on the Maine long form (Form 1040ME). Full year residents of Maine may not claim a nonresident credit and should not complete Schedule NR. Do not file Schedule NR if all your income is taxable by Maine.

**Part-year residents, nonresidents and “safe harbor” residents must include a complete copy of their federal return (including all schedules and worksheets) with the Maine return, even if they are not eligible to claim a nonresident credit.**

Part-year residents, nonresidents and “safe harbor” residents must file a Maine return using the same filing

status as properly used on the federal return and must complete **Form 1040ME and Schedule NR** (*if not all income is taxable to Maine*). However, if one spouse is a full-year Maine resident and the other spouse is not, and a joint federal return was filed, you have two options:

- (1) You can choose to file a joint Maine return as if both were full-year Maine residents (*you may qualify for the Credit for Income Tax Paid to Other Jurisdictions.*); **OR**
- (2) Each can file a Maine return as a single individual using **Form 1040ME with Schedule NRH** (*for more information, see Schedule NRH*). Each return must show the proper residency status (*if the nonresident, or “safe harbor” resident, spouse has no Maine-source income, that spouse does not have to file a Maine Return*). **You may choose this option only if you filed a joint federal return.** *NOTE: If one spouse is a full-year Maine resident and the other spouse is a nonresident, the Maine resident spouse must file as a single individual using Schedule NRH. See page 5 of the Instructional Pamphlet for Schedule NRH at [www.maine.gov/forms](http://www.maine.gov/forms) for additional instructions.*

If both spouses are nonresidents or “safe harbor” residents, and a joint federal return was filed, but only one spouse has Maine-source income, you have two options:

- (1) You can choose to file a joint Maine return and determine your joint tax liability as nonresidents using **Form 1040ME with Schedule NR**; **OR**
- (2) The spouse who has Maine-source income can choose to file a return as a single individual using **Form 1040ME with Schedule NRH** (*for more information, see Schedule NRH*).

**Maine taxable income is the federal adjusted gross income adjusted by Maine modifications, exemptions and deductions.** Your tax is first calculated as if you were a resident of Maine for the entire year. Part-year residents, nonresidents and “safe harbor” residents must then claim a credit (*calculated on Schedule NR using Worksheets A and B, and if necessary, Worksheet C*) based on the income that was earned outside Maine while a nonresident of Maine. **(NOTE: Nonresident or “safe harbor” resident servicemembers, see page 11 for special instructions.)**

- ① *Do not begin the Maine return with only the income earned in Maine.*

- ① *Unless specifically instructed, do not subtract the income earned outside Maine as a negative income modification on Maine Schedule 1.*

Schedule NR is designed to separate a part-year resident's, nonresident's or "safe harbor" resident's income between Maine source income and non-Maine source income.

**Maine-source income includes the following:**

- 1) All income received while a resident of Maine;
- 2) Salaries and wages earned working in Maine, including any taxable benefits related to those earnings, such as annual and sick leave. **Except**, you may not be required to file if the number of days worked in Maine as an employee is 10 or less and your only Maine income is compensation for personal services (see page 2);
- 3) Income derived from or connected with the carrying on of a trade or business within Maine (including distributive share of income (loss) from partnerships and S corporations operating in Maine);
- 4) Shares of trust and estate income derived from Maine sources;
- 5) Income (loss) attributed to the ownership or disposition of real or tangible personal property in Maine;
- 6) Maine-source gain (or loss) from sale of a partnership interest. **NOTE:** To determine the gain or loss from the sale of a partnership interest attributable to Maine, divide the original cost of all tangible property of the partnership located in Maine by tangible property everywhere. Tangible property includes real estate, inventory and equipment. If you don't know these amounts, contact the partnership. If more than 50% of the partnership's assets consist of intangibles, the gain (or loss) is allocated to Maine based on the sales factor of the partnership. Divide the sales in Maine for the last full tax year of the partnership preceding the year of sale by the total sales for that same year. Multiply the result by the gain or loss on the sale of the partnership interest reported on your federal return. "Sales" for purposes of computing the sales factor are defined in Rule No. 801(.08). *Include the gain (or loss) from the sales of a partnership interest on Worksheet B, Column E, line 6; and*
- 7) Maine State Lottery or Tri-State Lottery winnings from tickets purchased within Maine on or after

July 13, 1993, including payments received from third parties for the transfer of rights to future proceeds related to Maine State Lottery or Tri-state Lotto tickets purchased in Maine, plus all other income from gambling activity conducted in Maine on or after June 29, 2005.

Except for Item #6 above, income from intangible sources, such as interest, dividends, annuities, most pensions and gains or losses attributable to intangible personal property, received by a nonresident of Maine is not Maine-source income unless it is attributable to a business, trade, profession or occupation carried on in Maine.

A part-year resident is subject to Maine income tax on all income derived while a resident of Maine, even if the income is received from out-of-state sources, plus any income derived from Maine sources during the period of nonresidence.

**Follow the step-by-step instructions for completing Schedule NR. These instructions are printed on page 12 of the 2010 Maine Nonresident or Part-Year Resident Income Tax Booklet.**

**Worksheets A and B available at [www.maine.gov/revenue/forms](http://www.maine.gov/revenue/forms) must be completed prior to completing Schedule NR.**

**Schedule NR, line 1. (Nonresident and "Safe Harbor" resident servicemembers, see page 11 for special instructions.)** After you complete the Maine return through line 24 based on your total federal adjusted gross income, complete Schedule NR to calculate the amount of your nonresident credit. To complete Schedule NR, line 1:

- 1) Enter your total federal income in Box A (*from Worksheet B, column A, line 15*).
- 2) Enter all Maine source income in Box B, including any income earned in Maine while a nonresident or "safe harbor" resident of Maine (*Worksheet B, column B, line 15 plus Worksheet B, column E, line 15*).
- 3) Enter all non-Maine source income in Box C (*Worksheet B, column D, line 15 minus Worksheet B, column E, line 15*). If you included a taxable state income tax refund on your federal return, do not include that refund when completing Worksheet B or Schedule NR.

**Schedule NR, line 2.** If the ratio of non-Maine income to total income calculated on Schedule NR, line

2, is less than 0%, enter 0.0000. If the ratio is 100% or greater, enter the ratio like this: **1.0000**. You may not claim a negative nonresident credit or a nonresident credit that is more than your tax liability otherwise due to Maine. You should always extend the percentage calculations four digits beyond the decimal point; for example, 5.00% (.0500), 25.25% (.2525) or 100.00% (1.0000).

**Schedule NR, line 3.** To complete Schedule NR, line 3, Federal Income Adjustments, multiply the amount of federal income adjustments listed on federal Form 1040, line 36 or federal Form 1040A, line 20, by the percentage calculated on Schedule NR, line 2.

**Schedule NR, line 5. (Nonresident and “Safe Harbor” resident servicemembers, see page 11 for special instructions.)** If you have completed Maine Schedule 1, Income Modifications, you must complete Schedule NR, line 5. Enter the amount of income modifications from **non-Maine sources** on Schedule NR, lines 5a and 5b as they apply. Generally, for a part-year resident, the amount of the non-Maine source income modification that is from intangible sources (interest, dividends, annuities, etc.) is calculated by multiplying the income by the percentage of the year you were a nonresident. For example, if you were a nonresident for 9 months of the year, you would enter on Schedule NR, lines 5a and 5b as applicable, 75% (9 months divided by 12 months) of the income modifications reported on Maine Schedule 1.

- ❶ Do not include taxable refunds of state and local taxes.
- ❷ Prorate the pension deduction (Form 1040ME, Schedule 1, line 2d) and the subtraction for premiums for Long-Term Care Insurance (Form 1040ME, Schedule 1, line 2f) based on the percentage of qualified pension income received or premiums paid as a nonresident.

**Schedule NR, line 9.** After completing Schedule NR, any nonresident credit on line 9 is entered on Form 1040ME, line 25. This credit will reduce your Maine taxes for income not taxable to Maine.

- ❶ If you are a nonresident of Maine, and your only income from Maine sources are losses, you do not need to file an income tax return with Maine, because you have no Maine income tax liability. However, you may choose to file a return with Maine if you expect to have positive income from Maine sources in future years and want to avoid having gaps in your filing history.

- ❶ You may not use Maine losses in a prior year to offset Maine income in the current year, unless those losses also appear on the federal return for the current year or the loss relates to a federal NOL carryback disallowed for Maine income tax purposes. (Federal NOL carrybacks with respect to NOLs realized in tax years beginning after 2001 are not allowed for Maine purposes. The disallowed NOL carryback may be recovered in the allowable carryover period.)
- ❷ For additional information on determining what types of income are subject to Maine tax when received by a nonresident, refer to **Rule 806** under “Laws and Rules” at [www.maine.gov/revenue](http://www.maine.gov/revenue), or call (207) 624-7894, or write to the address on the cover of this pamphlet.

Attached is a sample return for a part-year resident. The instructions in the long form booklet and this pamphlet are used to complete a Maine return for the Jettsons based on the information below:

*Jim and Jennifer Jettson are from New York. They have a six-year-old daughter named Jessica. Jim works as an analyst for a large bank. Effective August 1, 2010, Jim was transferred to Maine while working for the same employer. Jim and his family moved to Maine and became residents of Maine on August 1, 2010. After coming to Maine, Jennifer was able to find a job as a supervisor in a local production facility.*

*In 2010, Jim earned a total of \$37,895 in wages from the bank. He earned \$25,895 in New York and \$12,000 in Maine. Jennifer earned \$25,000 from her job in Maine. From Jim’s pay, \$995 was withheld for New York income taxes and \$600 was withheld for Maine income tax. Jennifer had \$1,250 withheld from her pay for Maine. The Jettsons had \$600 in interest income throughout the year, \$300 of which came from U.S. Government bonds.*

*The Jettsons filed a married joint federal income tax return for 2010 and reported federal adjusted gross income of \$61,495. They contributed \$2,000 to their IRA for the tax year and had total federal itemized deductions of \$11,649, which included state income taxes of \$2,845.*



2010

MAINE INDIVIDUAL INCOME TAX
1040ME LONG FORM



99

For tax period 1/1/2010 to 12/31/2010 or 2010 to

\*1002100\*

See instructions on pages 2 and 3. Print neatly in blue or black ink only.

Your First Name: J i m
Your Last Name: J e t t s o n
Spouse's First Name: J e n n i f e r
Spouse's Last Name: J e t t s o n
Mailing Address: 1 2 3 A B C D r i v e
City: A u g u s t a State: M E Zip Code: 0 4 3 3 0

IMPORTANT! You must enter your SSN(s) below.

Your Social Security Number: 0 0 0 - 0 0 - 1 2 3 4
Spouse's Social Security Number: 0 0 0 - 0 0 - 4 3 2 1
Home Phone Number:
Work Phone Number:

NOTE: If either spouse is deceased, enter the date of death on the back of this page in the spaces provided above the signature area.

1 Maine Clean Election Fund. Maine Residents Only. Check here if you, or your spouse, if filing jointly, want \$3 to go to this fund. X You X Spouse
2 Check here if you were engaged in COMMERCIAL FARMING OR FISHING during 2010.

Table with columns: FILING STATUS (Check one), RESIDENCY STATUS (Check one), 12 CHECK IF: You were, Spouse was, 13 Enter the TOTAL number of EXEMPTIONS claimed.

Main table with rows 14-26: Calculate Your Taxable Income (FEDERAL ADJUSTED GROSS INCOME, INCOME MODIFICATIONS, MAINE ADJUSTED GROSS INCOME, DEDUCTION, EXEMPTION, TAXABLE INCOME, INCOME TAX, TAX ADDITIONS, LOW-INCOME TAX CREDIT, TOTAL TAX) and Calculate Your Tax and Credits (TAX CREDITS, NONRESIDENT CREDIT, NET TAX).



2010

SCHEDULES 1 & 2

See instructions on pages 3 and 4.

Enclose with your Form 1040ME

For more information, visit www.maine.gov/revenue/forms.



99

\*1002102\*

Attachment Sequence No. 2

Name(s) as shown on Form 1040ME

Jim & Jennifer Jettson

Your Social Security Number

0 0 0 - 0 0 - 1 2 3 4

SCHEDULE 1 — INCOME MODIFICATIONS

1 ADDITIONS to federal adjusted gross income.

- a Income from municipal and state bonds, other than Maine..... 1a ..... .00
b Net Operating Loss Recovery Adjustment (Attach a schedule showing your calculation) ..... 1b ..... .00
c Maine Public Employees Retirement System Contributions ..... 1c ..... .00
d Domestic Production Activities Deduction Add-back (See instructions)..... 1d ..... .00
e Bonus Depreciation and Section 179 Expense Add-back (See instructions)..... 1e ..... .00
f Discharge of Indebtedness deferred for federal tax purposes ..... 1f ..... .00
g Fiduciary Adjustment - additions only (Attach a copy of your federal Schedule K-1) ..... 1g ..... .00
h Other (See instructions). List the type and amount of income items included (Attach supporting documentation) ..... 1h ..... .00
i Total additions (Add lines 1a through 1h)..... 1i ..... .00

2 SUBTRACTIONS from federal adjusted gross income.

- a U.S. Government Bond interest included in federal adjusted gross income (See instructions) ..... 2a ..... 3 0 0 .00
b State Income Tax Refund (Only if included in federal adjusted gross income) ..... 2b ..... .00
c Social Security and Railroad Retirement Benefits included in federal adjusted gross income (See instructions)..... 2c ..... .00
d Pension Income Deduction (Complete and attach the worksheet on back)..... 2d ..... .00
e Interest from Maine Municipal General Obligation, Private Activity and Airport Authority Bonds included in federal adjusted gross income (See instructions) ..... 2e ..... .00
f Premiums for Long-Term Care Insurance (Do not include health insurance premiums on this line) NOTE: If you itemize deductions or are self-employed, complete and attach the worksheet on back ..... 2f ..... .00
g Maine Public Employees Retirement System Pick-Up Contributions paid to the taxpayer during 2010 which have been previously taxed by the state..... 2g ..... .00
h Contributions to Qualified Tuition Programs - 529 Plans (See instructions)..... 2h ..... .00
i Fiduciary Adjustment - subtractions only (Attach a copy of your federal Schedule K-1) ..... 2i ..... .00
j Bonus Depreciation and Section 179 Recapture (See instructions) ..... 2j ..... .00
k Other. List ..... (See instructions)..... 2k ..... .00
l Total Subtractions (Add lines 2a through 2k)..... 2l ..... 3 0 0 .00

3 Net Modification (Subtract line 2l from line 1i — enter here and on 1040ME, page 1, line 15) (If negative, enter a minus sign in the box to the left of the number) ..... 3 ..... - 3 0 0 .00

SCHEDULE 2 — ITEMIZED DEDUCTIONS

- 4 Total itemized deductions from federal Form 1040, Schedule A, line 29..... 4 ..... 1 1 , 6 4 9 .00
5 a Income taxes imposed by this state or any other taxing jurisdiction or general sales taxes and mortgage insurance premiums included in line 4 above from federal Form 1040, Schedule A, lines 5, 7\* and/or 13..... 5a ..... 2 , 8 4 5 .00
b Deductible costs, included in line 4 above, incurred in the production of Maine exempt income..... 5b ..... .00
c Amounts included in line 4 that are also being claimed for the Family Development Account Credit on Maine Schedule A, line 18 ..... 5c ..... .00
d Amount included in line 4 attributable to income from an ownership interest in a pass-through entity financial institution ..... 5d ..... .00
6 Deductible costs of producing income exempt from federal income tax, but taxable by Maine..... 6 ..... .00
7 Line 4 minus lines 5a, b, c, and d plus line 6. Enter result here and on 1040ME, page 1, line 17..... 7 ..... 8 , 8 0 4 .00

\*NOTE: Taxpayers who checked "yes" on line 8 of the federal worksheet for Line 7 - New motor vehicle taxes, divide the amount of sales/use taxes included on line 3 of the worksheet by the total amount entered on line 3 of the worksheet and multiply the result by the amount on line 11 of the worksheet to calculate the amount of sales taxes included on federal Form 1040, Schedule A, line 7.

If the amount on line 7 above 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.

Jim & Jennifer Jettson

0,0,0, - 0,0, - 1,2,3,4

Attachment Sequence No. 8

WORKSHEET A - Residency Information Worksheet for Part-year Residents/Nonresidents/"Safe Harbor" Residents

Enclose with your Form 1040ME

The following individuals must complete Worksheet A: 1) All part-year residents whether moving into or out of Maine during the tax year; 2) nonresidents and "Safe Harbor" residents who are filing a Maine return for the first time, and 3) former Maine residents who are filing as nonresidents or "Safe Harbor" residents for the first time. Failure to enclose a completed Worksheet A with your 1040ME may delay processing of your return.

Worksheet A form with columns for 'Yourself' and 'Spouse'. Questions 1-10 cover residency details, domicile, military service, days in Maine, property ownership, and nonresidency status.

Name(s) as shown on Form 1040ME

Jim & Jennifer Jettson

Your Social Security Number

0, 0, 0 - 0, 0 - 1, 2, 3, 4

Attachment  
Sequence No. 9

## WORKSHEET B

### Income Allocation Worksheet for Part-Year Residents/Nonresidents/"Safe Harbor" Residents

(See instructions at [www.maine.gov/revenue/forms](http://www.maine.gov/revenue/forms)) - Enclose with your Form 1040ME

Part-year residents, Nonresidents and "Safe Harbor" residents **must** complete this worksheet before completing Schedule NR or Schedule NRH

(NOTE: Married persons filing separate Maine income tax returns must complete separate worksheets for each spouse)	Federal Income		Maine Resident Period (Part-year residents only)		Nonresident Period (Part-year residents, Nonresidents and "Safe Harbor" residents)		
	Column A Income from federal return	Column B Income from Column A for this period	Column C* Income from Column B earned outside of Maine	Column D Income from Column A for this period	Column E Income from Column D from Maine sources		
1. Wages, salaries, tips, other compensation** .....	1	62,895	37,000		25,895		
2. Taxable interest.....	2	600	250		350		
3. Ordinary dividends.....	3						
4. Alimony received .....	4						
5. Business income/loss .....	5						
6. Capital gain/loss .....	6						
7. Other gains/losses .....	7						
8. Taxable amount of IRA distributions ....	8						
9. Taxable amount of pensions and annuities .....	9						
10. Rental real estate, royalties, partnerships, S corporations, and trusts, etc .....	10						
11. Farm income/loss .....	11						
12. Unemployment Compensation .....	12						
13. Taxable amount of social security benefits.....	13						
14. Other income (Including lump-sum distributions, but excluding state income tax refunds) .....	14						
15. Add lines 1 through 14.....	15	63,495	37,250		26,245		

**\*Part-year residents must make an entry in Column C if income was earned in another jurisdiction during the period of Maine residency.** Enter below the name of each other jurisdiction and the dates the income was earned in those jurisdictions. Use a separate sheet if additional space is needed.

Name of other jurisdiction \_\_\_\_\_ Period (mm/yy) From \_\_\_\_\_ To \_\_\_\_\_

Name of other jurisdiction \_\_\_\_\_ Period (mm/yy) From \_\_\_\_\_ To \_\_\_\_\_

Name of other jurisdiction \_\_\_\_\_ Period (mm/yy) From \_\_\_\_\_ To \_\_\_\_\_

**You must attach a copy of the income tax return(s) filed with the other jurisdiction**

**\*\*If necessary, use Worksheet C (Employee Apportionment Worksheet) for Part-Year Residents/Nonresidents/"Safe Harbor" Residents to calculate the amount for line 1, Column E.** For a copy of Worksheet C, go to the Maine Revenue Services web site at: [www.maine.gov/revenue/forms](http://www.maine.gov/revenue/forms) or call (207) 624-7894 (to order).

**NOTE: See instructions at [www.maine.gov/revenue/forms](http://www.maine.gov/revenue/forms) on how to use Worksheet B, line 15 entries to complete line 1 of Schedule NR or Schedule NRH.**

**SCHEDULE NR**  
FORM 1040ME  
**2010**

Attachment Sequence No. **10**

**SCHEDULE for CALCULATING the NONRESIDENT CREDIT**  
**PART-YEAR RESIDENTS, NONRESIDENTS and**  
**"SAFE HARBOR" RESIDENTS ONLY**

This schedule must be enclosed with your completed Form 1040ME.

If part-year resident, enter dates you were a Maine Resident  
from \_\_\_\_\_ to \_\_\_\_\_.



\*1002106\*

**99**

Name(s) as shown on Form 1040ME

Jim & Jennifer Jettson

Your Social Security Number

0,0,0 - 0,0 - 1,2,3,4

**WHO MUST FILE SCHEDULE NR?** Part-year resident, nonresident and "Safe Harbor" resident individuals who are required to file a Maine return, but have income not taxable by Maine **and** use the same filing status on the Maine return as used on the federal return. See reverse side for instructions.

**DO NOT FILE SCHEDULE NR IF:** All your income is taxable by Maine **or** if your federal filing status is "Married filing joint" and you elect to file "Single" on the Maine return (use Schedule NRH available at [www.maine.gov/revenue/forms](http://www.maine.gov/revenue/forms) or by calling 624-7894). **You do not have to complete Schedule NR if you qualify for the low-income tax credit** (see instructions for Form 1040ME, line 22).

**YOU MUST ENCLOSE A COMPLETE COPY OF YOUR FEDERAL TAX RETURN, including all schedules and worksheets. Enclose copies of W-2 forms from other states or temporary duty (TDY) papers to support your entry in Box C.**

**IMPORTANT: Complete Worksheets A and B on pages 13 and 14 before completing Schedule NR.**

**1 INCOME** — (Complete and attach Worksheets A and B on pages 13 and 14):

Box A - From Worksheet B, line 15, column A

Box B - From Worksheet B, line 15, column B plus column E

Box C - From Worksheet B, line 15, column D minus column E .....

**Box A  
FEDERAL**

**Box B  
MAINE**

**Box C  
NON-MAINE**

\$ 63,495

\$ 37,250

\$ 26,245

**2 RATIO OF INCOME:** Divide line 1, Box C by line 1, Box A (If less than 0, enter 0.0000.

If greater than 100, enter 1.0000) ..... .4 1 3 3

**COMPLETE THIS SECTION ONLY IF YOU HAVE FEDERAL INCOME ADJUSTMENTS**

**3 FEDERAL INCOME ADJUSTMENTS — NON-MAINE-SOURCE ONLY:** Multiply amount on federal Form 1040, line 36, or Form 1040A, line 20 by the percentage listed on line 2. Enter result here .....

827.00

**4 FEDERAL ADJUSTED GROSS INCOME — NON-MAINE-SOURCE ONLY:** Subtract line 3 from Line 1, Box C.....

25,418.00

**COMPLETE THIS SECTION ONLY IF YOU HAVE INCOME MODIFICATIONS (Form 1040ME, line 15)**

**5 INCOME MODIFICATIONS — NON-MAINE-SOURCE ONLY:**

a Additions — Specify .....

b Subtractions — Specify U.S. Gov't Bond Int - (\$300 x .5833)..... 175.00

c Total Modifications: line 5a minus line 5b (may be a negative amount)..... -175.00

**6 NON-MAINE ADJUSTED GROSS INCOME:** Add or, if negative, subtract line 5c to or from line 4.....

25,243.00

**7 RATIO OF MAINE ADJUSTED GROSS INCOME:** Divide amount on line 6 by amount from Form 1040ME, line 16. (If less than 0, enter 0.0000. If greater than 100, enter 1.0000.).....

.4 1 2 5

**8 TAX SUBTOTAL:** Enter from Form 1040ME, line 20 minus line 22 minus Maine Schedule A, lines 5 and 7 .....

2,324.00

**9 NONRESIDENT CREDIT:** Multiply amount on line 8 by line 7. Enter result here and on Form 1040ME, line 25 .....

959.00

## NONRESIDENT & "SAFE HARBOR" RESIDENT SERVICEMEMBERS:

The Servicemembers Civil Relief Act "SCRA" (Public Law No. 108-189) provisions which offset the computation of Maine individual income tax for certain nonresidents (including "Safe Harbor" residents) as follows:

- 1) Section 511(d) of the Act prevents states from including the military compensation of nonresident servicemembers in the total income when computing the applicable rate of tax imposed on other income earned by the nonresident servicemember, or their spouse, that is subject to tax by the state. These changes affect Maine returns beginning on or after January 1, 2003 for some military taxpayers (Maine returns beginning on or after January 1, 2007 for "Safe Harbor" residents.)
- 2) Amendments were made to the SCRA in 2009 to provide that a spouse of a servicemember may retain residency in their home state for voting and tax purposes if the spouse is in Maine solely to be with the servicemember who is in the state due to military orders. Income earned in Maine by a nonresident servicemember's spouse who is domiciled in another state may not be considered Maine-source income. These changes affect Maine tax years beginning on or after January 1, 2009.

Since the 2010 Maine income tax return includes income of the nonresident servicemember, a deduction must be made on the Maine return for a nonresident (or "Safe Harbor" resident) servicemember. To deduct the military income of a nonresident (or "Safe Harbor" resident) servicemember from the Maine taxable income in 2010, use the following instructions:

- 1) Enter the total federal adjusted gross income on Form 1040ME, line 14.
- 2) Complete Form 1040ME, Schedule 1. Include the amount of military compensation of the nonresident servicemember on Form 1040ME, **Schedule 1, line 2k, 'Other'** and enter "*NR military compensation*" in the space provided.
- 3) Complete Form 1040ME, lines 15 through 24.
- 4) Complete Form 1040ME, Worksheet A (if applicable) and Worksheet B for Part-Year Residents/Nonresidents/"Safe Harbor" Residents. **NOTE:** When completing Worksheet B, include the military compensation received by the nonresident ("Safe Harbor" resident) servicemember and the

Maine earned income of the servicemember's spouse on *line 1, columns A and D*. This procedure will ensure the proper determination of non-Maine-source income.

- 5) Complete Form 1040ME, Schedule NR or Schedule NRH (whichever is applicable).

**NOTE:** The military income of a nonresident ("Safe Harbor" resident) servicemember should be included on both *line 1, boxes A and C* and *line 5b* of **Schedule NR**. On line 5b, write "NR military compensation" in the space provided.

The Maine earned income of the servicemember's spouse should be included on *line 1, boxes A and C* of **Schedule NR**.

The military income of a nonresident servicemember filing **Schedule NRH** should be included on both *line 1* and *line 5b, columns A, B and C* of Schedule NRH. On line 5b, write "NR military compensation" in the space provided.

The Maine earned income of the nonresident servicemember's spouse filing **Schedule NRH** should be included on *line 1, columns A, B and C* of Schedule NRH.

This procedure will ensure the proper ratio for the determination of the non-resident credit.

*If you are completing Schedule NRH, see the Guidance Document titled "Instructional Pamphlet for Individual Income Tax, Schedule NRH" for more information.*

- 6) Complete Form 1040ME, lines 25 through 36.

A "servicemember" is defined as a member of the Army, Navy, Air Force, Marine Corps, Coast Guard, a commissioned officer of the Public Health Service or the National Oceanic and Atmospheric Administration. It also includes a member of the National Guard who is under a call to active service authorized by the President or the Secretary of Defense for a period of more than 30 consecutive days for purposes of responding to a national emergency declared by the President and supported by Federal funds.

Any further questions about the computation of Maine individual income tax for certain nonresidents should be directed to the Income/Estate Tax Division of Maine Revenue Services at: [income.tax@maine.gov](mailto:income.tax@maine.gov) or call 207-626-8475.