



2013 CREDIT FOR EDUCATIONAL OPPORTUNITY WORKSHEET FOR MAINE RESIDENT & PART-YEAR RESIDENT INDIVIDUALS ONLY 36 M.R.S.A. § 5217-D

**NOTE: Use this worksheet only if your employer paid part of your education loan payments directly to the lender.
If your employer paid all of your education loan payments directly to the lender, you do not qualify for this credit.**

Your name: _____ Social security number: _____

A. Check the type of degree you received: ___ Bachelor's ___ Associate Date you graduated: ___/___/___

B. College or university from which you obtained the degree: _____

Name of degree as it appears on your diploma: _____

C. Check here if this is a degree in Science, Technology, Engineering and Mathematics ("STEM") (see instructions): _____

D. If your employer made eligible education loan payments for you during your 2013 tax year, complete the following:

Employer Name: _____ EIN: _____

1. Enter the **monthly benchmark loan payment** (see instructions) 1. \$ _____

2. Enter the **monthly eligible education loan payment due** during your 2013 tax year 2. \$ _____

3. Enter the **monthly eligible education loan payment amount paid** by you and your employer during your 2013 tax year. 3. \$ _____

4. Enter the smallest of lines 1, 2 and 3 4. \$ _____

5. a. Enter the number of months * during your tax year you were a Maine resident 5a. _____

b. With respect to the months on line a, enter the number of months * you worked for an employer located in Maine or were deployed for military service in the U.S. Armed Forces..... 5b. _____

c. With respect to the months on line b, enter the number of months * you and your employer made eligible education loan payments 5c. _____

*** Count any part of a month as a whole month.**

6. **Gross Credit.** Multiply line 4 by line 5c 6. \$ _____

7. a. Enter the eligible education loan amount you paid **directly to the lender** during your tax year, excluding any amount exceeding the amount due 7a. \$ _____

b. Enter the total eligible education loan amount paid during your tax year paid by you and your employer, excluding any amount exceeding the amount due 7b. \$ _____

c. Divide line 7a by line 7b and enter the result here..... 7c. ____ . ____

8. **Modified gross credit.** Multiply line 6 by line 7c 8. \$ _____

Note: If all credit hours for your degree were earned after 2007, skip lines 9, 10 and 11 and enter the amount from line 8 on line 12.

9. Enter the number of credit hours you earned toward your degree after December 31, 2007 9. _____

10. Enter the total number of credit hours you earned toward your degree 10. _____

11. Divide line 9 by line 10 11. ____ . ____

12. If you completed lines 9, 10 and 11, multiply line 8 by line 11. Otherwise, enter the amount from line 8 12. \$ _____

13. Adjustment for transferring students (see instructions) 13. ____ . ____

Note: If all credit hours were earned at a Maine college or university, enter 1.00.

14. a. If line C above **is** checked, multiply line 12 by line 13 and enter the result here and on Form 1040ME, Schedule A, line 3. Then go to line 15 14a. \$ _____

b. If line C above is **not** checked, multiply line 12 by line 13 and go to line 15 14b. \$ _____

15. Enter the carryforward of unused credit amount from 2012 15. \$ _____
If line C above **is** checked, enter this amount on Form 1040ME, Schedule A, line 10. If line C above is **not** checked, go to line 16 below.

16. If line C above is **not** checked, add lines 14b and 15 and enter the total here and on Form 1040ME, Schedule A, line 10 16. \$ _____

Unused credit amounts on line 14b may be carried forward to future tax years for up to 10 years. See instructions.

IMPORTANT - Maine Revenue Services may request supporting documentation, including, but not limited to, the following: copy of college transcript,

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proof of the educational loans that qualify for the credit, proof of the educational loan payments made by you or your employer during the tax year.

This worksheet and the related instructions are for individual taxpayers who have made eligible education loan payments directly to the lender. **If your employer paid all your education loan payments directly to the lender, you do not qualify for this credit.**

Employers eligible to claim the related credit must complete the **Credit for Educational Opportunity Worksheet for Employers**.

The credit for educational opportunity is a component of the Job Creation through Educational Opportunity program, which began in 2008. The purpose of the program is to provide an income tax credit for Maine resident taxpayers who have received an undergraduate degree (associate or bachelor's) from an accredited Maine college or university and who, after graduation, live, work and pay taxes in Maine.

The credit is based on eligible education loan payments (defined below) paid directly to the lender during the tax year for months during which the individual was a resident of Maine and worked for an employer located in Maine. A Maine resident deployed for military service in the United States Armed Forces, including the National Guard and the Reserves of the United States Armed Forces, also qualifies if the individual meets all other eligibility criteria. See 26 M.R.S.A., § 814(1)(A) for qualifications to be considered deployed for military service.

The monthly payment amount eligible for the credit is limited to an upper cap called the benchmark loan payment. For example, if you graduated in 2012, earned all credit hours for the degree after 2007 and made monthly payments in 2013 of \$350 for qualified loans, the amount you can use to calculate the credit is \$342, the applicable monthly benchmark loan payment for individuals graduating in 2012 (see instructions for line 1 below). Using this example, if you made regularly scheduled monthly payments of \$350 through the entire year and worked for an employer located in Maine all year, your credit would be $\$342 \times 12 = \$4,104$.

A graduate eligible for the program is one who:

- Obtained an associate or bachelor's degree after 2007 from an accredited Maine community college, college or university:
 - all course work completed after 2007 for the degree must have been performed at an accredited Maine community college, college or university, except that:
 - beginning in 2013, up to 30 credit hours may have been earned toward the degree at an accredited non-Maine community college, college or university prior to transferring to an accredited Maine community college, college or university;
 - was a Maine resident (as defined by education law in 20-A M.R.S.A. § 12541(5)) while attending a Maine college or university in pursuit of an associate or bachelor's degree (applies only after 12/31/2007);
- After graduation, is a Maine resident (as defined by Maine tax law in 36 M.R.S.A. § 5217-D(1)(H)) working for an employer located in Maine. (Note: A self-employed person is not eligible for the credit for educational opportunity for individuals, but may be eligible for the credit for employers if the self-employed person has employees. For more information, see the Credit for Educational Opportunity Worksheet for Employers.)

If loan payments are made by both you and your employer, your credit is limited to the amount you pay. For example, if the required 2013 monthly loan payment was \$310 and you paid half (\$155) and your employer paid half, your credit would be $\$155 \times 12 \text{ months} = \$1,860$. Your employer would also be eligible to claim a credit of \$1,860 based on the loan payments they made.

Also, the combined credit for you and your employer may not exceed the benchmark loan payment amount multiplied by the number of months eligible loan payments were made. If the combined credit is based on the benchmark loan payment amount (that is, the benchmark loan payment amount is less than the combined monthly loan payment made by you and your employer), the benchmark loan payment must be prorated between you and your employer. For example, if you graduated in 2012 and the required monthly loan payment in 2013 was \$380, of which you paid half (\$190) and your employer paid half, the credit for both you and your employer would be based on the monthly benchmark loan payment amount for individuals graduating in 2012 (\$342). Because in this example you paid half of the required loan payments in 2013, you may use only half of the monthly benchmark loan payment amount (\$171) to calculate your credit. Your 2013 credit, therefore, would be $\$171 \times 12 \text{ months} = \$2,052$. Your employer would also be eligible for a credit of \$2,052, based on the remaining half of the benchmark loan payment amount.

If both spouses are eligible, both may claim the credit on a married-joint return. The credit may not reduce your Maine income tax

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due to less than zero, except that, for tax years beginning after 2012, the credit is refundable if your degree is an approved degree in science, technology, engineering or mathematics. Unused non-refundable credit amounts may be carried forward for up to ten years. Eligible education loan payments are payments made by a qualifying graduate for loans that are part of a financial aid package certified by an accredited Maine college or university and for loans associated with earning up to 30 credit hours for the degree at an accredited non-Maine college or university. Only eligible education loan payments made during the part of the tax year during which the individual was a resident of Maine working for an employer located in Maine qualify for the credit. Payments in excess of the required loan payment are not eligible for the credit. Payments on a refinanced eligible education loan qualify for the credit as long as the refinanced loan remains separate from any other debt incurred.

SPECIFIC INSTRUCTIONS

Line C. If your degree is an approved degree in science, technology, engineering or mathematics (“STEM”), check the STEM degree box. A list of approved STEM degrees is available on the MRS web site at www.maine.gov/revenue/forms.

Line D. If your employer made eligible education loan payments on your behalf during your 2013 tax year, enter your employer’s name and federal employer identification number (“EIN”) in the spaces provided. Your employer’s EIN is located on your Form W-2. If you had more than one employer who made payments on your behalf during the year, attach a schedule showing information for all of those employers.

Note: If the eligible education loan payments made by your employer are included in your federal adjusted gross income on Maine Form 1040ME, line 14, you may be able to deduct those amounts on Form 1040ME, Schedule 1, line 2k. See the instructions for Form 1040ME, Schedule 1.

Line 1. Enter the appropriate monthly benchmark loan payment from the table below:

<u>If you graduated in:</u>	The benchmark loan payment is	
	<u>Associate degree</u>	<u>Bachelor’s degree</u>
2008	*	*
2009	*	*
2010	\$72.00	\$343.00
2011	\$68.00	\$344.00
2012	\$65.00	\$342.00
2013	\$65.00	\$356.00

* If you graduated in 2008 or 2009, the benchmark loan payment is the amount stated in the Opportunity Maine Contract you signed with your college or university. Include a copy of that contract with this worksheet. If you do not have a copy of the contract, include a copy of a statement from your school’s financial aid office stating the benchmark loan payment for the year in which you graduated.

Line 2. Enter the monthly eligible education loan payment **due** during your 2013 tax year. This is most likely the amount on your monthly payment voucher or electronic bill. Enter the total monthly amount due, even if part of it was paid by someone else. Enter only the required amount due, excluding any accelerated payment.

Line 3. Enter the monthly amount **paid** toward your eligible education loan during the year, regardless of whether you or your employer made the payments.

Note – Lines 2 and 3: Upon review of the credit claimed, Maine Revenue Services may ask you to provide documentation from each lender showing the monthly payments due and the monthly payments made during your 2013 tax year.

Line 4. Enter the smallest of lines 1, 2 and 3. This is the monthly amount allowed toward the credit.

Line 5. Eligible education loan payments include only those payments made during your 2013 tax year while you were a resident of Maine working for an employer located in Maine or were a Maine resident deployed for military service in the U.S. Armed Forces. Individuals unemployed during the entire Maine residency period do not qualify for the credit. A self-employed person is also not eligible for the credit for educational opportunity for individuals, but may be eligible for the credit for employers if the self-employed person had employees during the tax year. For more information on the employer credit, see the Credit for

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Educational Opportunity Worksheet for Employers.

SPECIFIC INSTRUCTIONS, CONT.

Enter on **line 5a** the number of months during the 2013 tax year you were a Maine resident. With respect to the months on line 5a, enter on **line 5b** the number of months you worked for an employer located in Maine or were deployed for military service.

With respect to the months on line 5b, enter on **line 5c** the number of months you and your employer made eligible education loan payments. For example, if your tax year is the 2013 calendar year, you were a Maine resident for the entire year 2013, you started working for an employer located in Maine on August 1, 2013 and made six eligible education loan payments beginning July 2013, you would enter 12 on line 5a, 5 on line 5b and 5 on line 5c. In this example, there were only five months during the year (August – December) that you met all of the requirements.

Line 8. Modified gross credit. Multiply line 6 by line 7c. This is the amount of education loan payments eligible for the credit.

Line 9. Enter the number of credit hours you earned toward your degree after 2007. **If you started school after 2007, skip lines 9, 10 and 11 and enter on line 12 the amount from line 8.**

Line 10. Enter the total number of credit hours earned toward your degree. This number should be included on your transcript.

Line 11. Divide line 9 by line 10. This is the portion of your degree earned after 2007 and is the basis for your credit.

Line 12. Multiply line 8 by the ratio on line 11. **If you started school after 2007, enter on line 12 the amount from line 8.** This is the gross amount of the credit for eligible payments you made during your 2013 tax year.

Line 13. Adjustment for transferring students. If you began your college studies out-of-state and transferred to a Maine college after earning no more than 30 credits toward your degree, you may still be eligible for a limited income tax credit. If you earned up to 30 credits at an accredited non-Maine community college, college or university before transferring to an accredited Maine community college, college or university, enter 0.75 on this line if you earned a bachelor's degree or 0.50 if you earned an associate degree. If you earned all credits in Maine, enter 1.00.

Line 14. Current year credit. Complete line 14a **if line C is checked** (your degree is an approved STEM degree) and enter the result on Form 1040ME, Schedule A, line 3. This amount is fully refundable. Complete line 14b **if line C is not checked** (your degree is **not** an approved STEM degree).

Line 15. Carryforward of unused credit from 2012. Enter the amount of any unused credit from tax year 2012. This should be the amount entered on your 2012 credit worksheet, line 12. If this is the first year you are claiming the credit, enter zero. **If line C is checked**, also enter this amount on Form 1040ME, Schedule A, line 10. This amount of the credit is not refundable. If line C is not checked, go to line 16.

Line 16. If line C is not checked, add lines 14b and 15 and enter the total on line 16 and on Form 1040ME, Schedule A, line 10. This credit amount is not refundable.

Carryforward amount. The credit amount on line 14b that you cannot use this year may be carried forward to future tax years for up to 10 years. You may also carry forward the amount on line 15 that you cannot use this year, as long as the carryforward year is within the 10-year period following the year the credit was calculated. Keep a record of the unused credit amount available for future tax years.