



2016 Educational Opportunity Tax Credit Worksheet

for Maine Resident & Part-year Resident Individuals

36 M.R.S. § 5217-D

IMPORTANT NOTE: Use this worksheet if you paid all of your education loan payments directly to the lender. If you are claiming the credit for more than one degree, complete a separate worksheet for each degree. See instructions.

Note: If this is the first year you are claiming this credit, you **must** include a complete copy of your college transcript, proof of the educational loans that qualify for the credit and proof of the educational loan payments you paid directly to the lender during the tax year. Additionally, Maine Revenue Services may request additional documentation supporting your claim in subsequent tax years.

Your name: _____ Social security number: _____

- Check the type of degree you received: **A** ___ Bachelor's **D** If **Box A** is checked, also check here if this is a degree in Science, Technology, Engineering or Mathematics ("STEM"). _____
- B** ___ Associate See instructions.
- C** ___ Graduate **E** Date you graduated: ___ / ___ / _____
- F** College or university from which you obtained the degree: _____
- G** State where the college or university is located: _____
- H** Name of degree as it appears on your diploma: _____
(example, Bachelor of Science Computer Science)

1. **Eligible payments.** Enter the amount from the Educational Opportunity Tax Credit - Loan Payment Schedule, line 3 1. \$ _____

Proration factor. If you earned credit hours toward your degree before January 1, 2008, complete lines 2, 3 and 4. Otherwise, enter the amount from line 1 on line 5.

2. Enter the number of credit hours you earned toward your degree after December 31, 2007 2. _____

3. Enter the total number of credit hours earned for your degree 3. _____
(Do not enter more than the total number of credit hours required to earn the degree)

4. Divide line 2 by line 3 4. ____ . ____

5. If you completed lines 2, 3 and 4, multiply line 1 by line 4. Otherwise, enter the amount from line 1...5. _____

a) **Refundable credit.** If either line B or line D above is checked, enter the amount from line 5. Also enter this amount on Form 1040ME, Schedule A, line 4. 5a. _____

b) If neither line B nor line D above is checked, enter the amount from line 5..... 5b. _____

6. Enter the carryforward of unused credit amounts from prior tax years..... 6. \$ _____

7. **Nonrefundable credit.** Add lines 5b and 6. Enter the total here and on Form 1040ME, Schedule A, line 13..... 7. \$ _____

The credit amount on line 7 cannot exceed your tax due; however, unused credit amounts may be carried forward for up to 10 years - see instructions.

Keep a record of the unused credit amount available for future tax years.

2016 Educational Opportunity Tax Credit - Loan Payment Schedule

for line 1 of the 2016 Educational Opportunity Tax Credit Worksheet

Your name: _____

Social security number: _____

Complete this schedule to determine the amount of eligible education loan payment amounts that may be used to calculate your credit. Include only eligible education loan amounts. See instructions.

If you were a part-year resident during the tax year, enter the dates you were a Maine resident:

from _____, 2016 to _____.

1. Enter the number of months* during the tax year in which you met all of the following (see instructions): 1. _____
- a) were a Maine resident,
 - b) worked in Maine (see instructions) or were deployed for military service in the U.S. Armed Forces, or worked at least part-time on a vessel at sea, and
 - c) paid eligible education loan payments directly to the lender
- *Count any part of a month as an entire month**

2. **Consolidated loans.** Are the eligible education loans you obtained to earn the degree consolidated with other education loans? 2. Yes No
- If yes, you must prorate your eligible loan payments. Complete lines 2a through 2c below.
If no, go to line 3 below.

Note: If your consolidated loan includes noneducational loans, you do not qualify for the educational opportunity tax credit.

- a) Enter the amount of education loans obtained to earn the degree listed on page 1, line H that are included in the total consolidated loan 2a. _____
- b) Enter the total consolidated loan amount 2b. _____
- c) Divide line 2a by line 2b 2c. _____

ELIGIBLE EDUCATION LOAN PAYMENTS paid directly to the lender

3. For each month included on line 1 above, enter in **Column A** the benchmark loan payment amount (see instructions); enter in **Column B** the sum of the loan payment amount(s) **due** each month multiplied by line 2c; enter in **Column C** the sum of your eligible education loan payment amount(s) **paid** each month **directly to the lender** multiplied by line 2c; and enter in **Column D** the smaller of the amounts in Column A, Column B or Column C.

	COLUMN A	COLUMN B	COLUMN C	COLUMN D
	FOR EACH MONTH ENTER THE BENCHMARK LOAN PAYMENT	FOR EACH MONTH ENTER THE TOTAL LOAN PAYMENT AMOUNT(S) DUE	FOR EACH MONTH ENTER THE TOTAL LOAN PAYMENT AMOUNT(S) PAID	FOR EACH MONTH ENTER THE SMALLER OF COLUMN A, B, OR C
<u>MONTH DUE</u>	<u>LOAN PAYMENT</u>	<u>AMOUNT(S) DUE</u>	<u>AMOUNT(S) PAID</u>	<u>COLUMN A, B, OR C</u>
a) January.....	\$ _____	\$ _____	\$ _____	\$ _____
b) February.....	\$ _____	\$ _____	\$ _____	\$ _____
c) March.....	\$ _____	\$ _____	\$ _____	\$ _____
d) April.....	\$ _____	\$ _____	\$ _____	\$ _____
e) May.....	\$ _____	\$ _____	\$ _____	\$ _____
f) June.....	\$ _____	\$ _____	\$ _____	\$ _____
g) July.....	\$ _____	\$ _____	\$ _____	\$ _____
h) August.....	\$ _____	\$ _____	\$ _____	\$ _____
i) September.....	\$ _____	\$ _____	\$ _____	\$ _____
j) October.....	\$ _____	\$ _____	\$ _____	\$ _____
k) November.....	\$ _____	\$ _____	\$ _____	\$ _____
l) December.....	\$ _____	\$ _____	\$ _____	\$ _____

TOTAL ELIGIBLE EDUCATION LOAN PAYMENTS. Add Column D, lines a through l above. Also enter this amount on the Educational Opportunity Tax Credit Worksheet, line 1 3. \$ _____

2016 Educational Opportunity Tax Credit Worksheet for Maine Resident & Part-year Resident Individuals - Instructions

This worksheet and the related instructions are for individual taxpayers who have made eligible education loan payments. Employers eligible to claim the related credit must complete the **Credit for Educational Opportunity Worksheet for Employers**.

IMPORTANT: If your employer directly paid to the lender all of your education loan payments, you **DO NOT QUALIFY** for this credit. If your employer directly paid all of your education loan payments, do not complete or file this worksheet. If your employer directly paid part of your loan payments, you may qualify for a credit, but you cannot use this worksheet to calculate the credit. If your employer directly paid part of your loan payments, call Maine Revenue Services at 626-8475 to obtain the special credit worksheet to calculate your credit.

The educational opportunity tax credit 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 are making eligible education loan payments on loans obtained to earn: an undergraduate degree (associate or bachelor's) from an accredited Maine college or university prior to 2016; or an associate or bachelor's degree after 2015 from an accredited Maine or non-Maine college or university; or, a graduate degree after 2015 from an accredited Maine college or university and who, after graduation, live, work and pay taxes in Maine.

Eligible education loan payments are payments made directly to the lender by a qualifying graduate for public and private education loans that are part of the financial aid package.

- Only eligible education loan payments made during the part of the tax year in which you were a resident of Maine working in Maine qualify for the credit. See the "Worked in Maine" note below.
- Payments in excess of the required loan payment are not eligible for the credit (including loans that are in forbearance or deferment status). For example, if you have deferred your loan payments and there is no loan payment due, any payments you make while the loan is deferred 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, other than educational loans.

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 2016, earned all credit hours for a bachelor's degree after 2007 and made monthly payments in 2016 of \$375 for qualified loans, the amount you can use to calculate the credit is \$373, the applicable monthly benchmark loan payment for individuals graduating in 2016 (see instructions on page 4 for line 3). Using this example, if you made regularly scheduled monthly payments of \$375 through the entire year and worked in Maine, your credit would be $\$373 \times 12 = \$4,476$.

For **tax year 2016, a qualifying graduate** is one who:

- Obtained an associate or bachelor's degree after 2007 from an accredited **Maine** community college, college or university;
- Obtained an associate or bachelor's degree after 2015 from non-Maine accredited community college, college or university; or
- Obtained a graduate degree after 2015 from an accredited Maine college or university; and
- After graduation, is a Maine resident (as defined by Maine tax law in 36 M.R.S. § 5217-D(1)(H)) and during the tax year worked at least part-time in Maine*, was deployed for military service in the United States Armed Forces, including the National Guard and the Reserves of the United States Armed Forces or was employed at least part-time on a vessel at sea. See 26 M.R.S. § 814(1) (A) for qualifications to be considered deployed for military service.

**NOTE: "Worked in Maine" includes an employee who has worked outside Maine for up to 3 months during the Maine residency period of the tax year. An employee who worked in Maine for any part of a month is considered to have worked in Maine for that entire month.*

If both spouses are eligible, both may claim the credit on a married-joint return. The credit may not reduce your Maine income tax due to less than zero, except that the credit is refundable if your degree is an associate degree or if your bachelor's degree is a degree in science, technology, engineering or mathematics. Unused non-refundable credit amounts may be carried forward for up to ten years.

A **self-employed** person who is an eligible graduate may be eligible for the credit for educational opportunity for individuals. The self-employed person may also qualify 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 Educational Opportunity Worksheet for Employers.

2016 Educational Opportunity Tax Credit Worksheet for Maine Resident & Part-year Resident Individuals - Instructions, continued

SPECIFIC INSTRUCTIONS

Note that if you are claiming the credit for more than one degree you earned, you must complete a separate Educational Opportunity Tax Credit Worksheet for each degree. Your benchmark loan payment amount and, if consolidated, your loan amounts obtained for subsequent degrees earned may be prorated to reflect the ratio of additional credit hours necessary to earn the subsequent degree to the total number of credit hours required for the subsequent degree.

First, complete the **Educational Opportunity Tax Credit - Loan Payment Schedule**.

Line 1. Enter the number of months* during the tax year in which you met all of the following:

- a) were a resident of Maine;
- b) worked in Maine (see "Worked in Maine" note on page 3) or were a Maine resident deployed for military service in the U.S. Armed Forces or were a Maine resident employed at least part-time on a vessel at sea; and
- c) paid eligible education loans directly to the lender.

*Count any part of a month as an entire month.

Example. If your tax year is the 2016 calendar year, you were a Maine resident for the entire year, you began making monthly eligible education loan payments beginning July 2016, and you started working in Maine on August 1, 2016, you would enter '5' on line 1. In this example, there were only five months during the year (August – December) that you met all of the requirements.

Individuals unemployed during the entire Maine residency period do not qualify for the credit.

Line 2. Consolidated loans. You may include only loans obtained to earn the degree listed on the Educational Opportunity Tax Credit Worksheet, line G. If your educational loans for this degree are consolidated with other educational loans, complete lines 2a through 2c to calculate the ratio of loans eligible for the credit. If you earned another degree that qualifies for the credit, complete a separate worksheet to calculate the additional credit.

Line 3. In Column A, for each month, enter the appropriate monthly benchmark loan payment from the table below.

<u>If you graduated in:</u>	<u>The benchmark loan payment is</u>		
	<u>Associate degree</u>	<u>Bachelor's degree</u>	<u>Graduate degree</u>
2008	*	*	
2009	*	*	
2010	\$72.00	\$343.00	
2011	\$68.00	\$344.00	
2012	\$65.00	\$342.00	
2013	\$65.00	\$356.00	
2014	\$66.00	\$363.00	
2015	\$70.00	\$377.00	
2016	\$70.00	\$373.00	\$325.00

* 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. If this is the first time you are claiming the credit, include a copy of that contract with this worksheet, or, 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.

In Column B, for each month, enter the monthly eligible education loan payment **due** during the tax year multiplied by the ratio on line 2c, if applicable. The loan payment due 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.

In Column C, for each month, enter the monthly amount you **paid** toward your eligible education loan during the tax year multiplied by the ratio on line 2c, if applicable. Do not include amounts paid by someone else.

Note – Columns B and C: 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 2016 tax year.

In Column D, for each month, enter the smallest of Columns A, B and C. This is the monthly amount allowed toward the credit.

2016 Educational Opportunity Tax Credit Worksheet for Maine Resident & Part-year Resident Individuals - Instructions, continued

Next, complete the **Educational Opportunity Tax Credit Worksheet** as instructed below:

Degree information. Check line A, B, or C to indicate the type of degree you received. If you have earned more than one degree, complete a separate Worksheet for each degree.

Line D. Check this box if you checked line A and your bachelor's degree is an approved degree in science, technology, engineering or mathematics ("STEM"). A list of approved Maine STEM degrees is available on the MRS website at www.maine.gov/revenue/forms.

Line 1. Enter on line 1 the amount from the Educational Opportunity Tax Credit - Loan Payment Schedule, line 3 (see instructions on page 4).

If you earned all credit hours for your degree after 2007, skip lines 2, 3 and 4 and go to line 5.

Line 2. Enter the number of credit hours you earned toward your degree after 2007. If you started school after 2007, skip lines 2, 3 and 4 and enter on line 5 the amount from line 1.

Line 3. Enter the total number of credit hours earned toward your degree. This number should be included on your transcript.

Line 4. Divide line 2 by line 3. This is the portion of your degree earned after 2007 and is the basis for your credit.

Line 5. Current year credit. Multiply line 1 by the ratio on line 4. If you started school after 2007, enter on line 5 the amount from line 1. This is the gross amount of the credit for eligible payments you made during your 2016 tax year.

Line 5a. If either line **B** or line **D** is checked, enter the amount from Line 5 on line 5a. Also enter this amount on Form 1040ME, Schedule A, line 4. The credit on this line is refundable.

Line 5b. If neither line **B** nor line **D** is checked, enter the amount from Line 5 on line 5b.

Line 6. Carryforward of unused credit from prior years. Enter the amount of any unused credit from prior tax years not exceeding the 10-year carryforward limit. For 2016, this is the unused credit amount included on your 2015 credit worksheet, line 14. If this is the first year you are claiming the credit, enter zero.

Line 7. Add line 5b and line 6. The credit on this line is not refundable; however, you may carryforward unused portions of the tax credit for up to 10 years from the tax year the credit amount first became available.

SUPPORTING DOCUMENTATION. In the first year a taxpayer claims the credit, MRS requires the following documents be included with your Maine individual income tax return (Form 1040ME) and completed Educational Opportunity Tax Credit Worksheet:

- a complete copy of the college transcript that lists the name of the degree obtained, classes completed and when completed;
- documentation of the educational loans that qualify for the credit, including the monthly student loan payment required to be made; and,
- the actual monthly student loan payment amounts paid during the tax year.

Once these facts are supported in the first year, documentation on these items will generally not again be required by MRS in future years. However, documentation may be requested after the first year related to actual loan payments made during the year and on employment status.