

SCHEDULE NRH INSTRUCTIONS

Married persons filing jointly on the federal return who elect to file as single individuals on the Maine return must complete Schedule NRH. If you filed single, head-of-household, or married separate on the federal return, you cannot use Schedule NRH (see instructions for Schedule NR). If you filed married joint on the federal return, you may elect to file single for Maine purposes only if your residency status was different from that of your spouse, or if both spouses are nonresidents and only one spouse had Maine-source income. The nonresident spouse with no Maine-source income does not have to file a Schedule NRH. See General Instructions on page 4 for a complete discussion of filing status and residency for married couples.

STEP 1. Complete Column A. List Your Joint Income As Reported On Your Joint Federal Return.

Lines 1a through 1f — Total Income. Enter income of both spouses as reported on your joint federal return. Include all income listed on the federal return except taxable refunds, line 10 of federal Form 1040.

Line 5 — Income Modifications/Pension Income Deduction. Complete lines 5a through 5d if you have Maine income modifications or a pension income deduction. See the instructions for Schedule 1 on page 16 or the Worksheet for Pension Income Deduction on page 6 for details explaining these modifications. Do not include taxable refunds of state and local income tax.

Line 8 — Deductions. If you itemized deductions on your joint federal return, complete Schedule 2 on page 15 to calculate the amount of your joint Maine itemized deductions. Enter the result from Schedule 2, line 7 on this line in Column A.

If you claimed the standard deduction on your joint federal return, leave line 8, Column A blank. Additional instructions for the standard deduction are included in step 2 below.

Line 9 — Exemptions. Multiply the number of dependent exemptions claimed on your federal return by \$2,850. Exclude the exemptions for you and your spouse. Enter the result on line 9a in Column A.

STEP 2. Complete Column B. List Your Income.

Lines 1a through 1f. Enter only your income in Column B. Attribute earned income to the spouse who earned it. Divide unearned income (interest, dividends, capital gains, etc.) equally between you and your spouse.

Line 5 — Income Modifications. Enter your share of the income modifications listed in Column A.

Line 8 — Deductions. If you itemized deductions, calculate your share by multiplying the amount on line 8, Column A, by the percentage listed on line 7, Column B. If your share of the itemized deductions is less than the Maine standard deduction for single, use the Maine standard deduction for single.

If you use the standard deduction on your joint federal return, use the Maine standard deduction for single. The Maine standard deduction for a single individual is \$4,400 unless you claimed zero exemptions on your federal return. If so, the standard deduction is the greater of \$700 or the sum of \$250 plus earned income up to a maximum of \$4,400. If you are age 65 or over **or** blind, increase the standard deduction amount by \$1,100. If age 65 or over **and** blind, increase it by \$2,200.

Enter your deduction amount (itemized or standard, whichever is greater) on line 8, Column B.

Line 9 — Exemptions. You are entitled to claim your own personal exemption plus a portion of the dependent exemptions claimed on your joint federal return. Follow the instructions on Schedule NRH to complete lines 9a, 9b and 9c.

Tax Additions and Tax Credits. Refer to Maine Schedule A for the instructions on tax additions and tax credits. If you claim any of the listed additions or individual credits (Maine Schedule A, lines 5, 6 and 7), multiply the joint amount of the individual credits or additions by the percentage listed on line 7, Column B of Schedule NRH. Enter your share on Maine Schedule A to enter the results on Form 1040ME. You may claim 100% of your ownership share of the business credits on Maine Schedule A, lines 8-18 and 20-23.

STEP 3. Complete 1040ME. Complete Form 1040ME lines 1-23 using the amounts listed in Column B, Schedule NRH.

Filing Status: Check Single.

Number of Exemptions: Enter total number of exemptions claimed on your joint federal return less the exemption for your spouse.

Lines 14, 15, 16, 17, 18: Enter amounts from Column B of Schedule NRH. Follow instructions on Schedule NRH.

Line 20: Use the tax amount from the Single column in the tax table for your taxable income as listed on line 19.

Line 31: Use Tax. Enter zero unless you are filing as a resident and have a use tax liability (see specific instructions for line 31 on page 7).

STEP 4. Complete Column C. List the Non-Maine-Source Portion of Your Share of Income. Enter that portion of your income as listed in Column B that is from non-Maine sources. See the general instructions for Schedule NR, page 22 for an overall description of Maine-source and non-Maine-source income. Do not include your spouse's income in this column. Supply W-2 forms from other states or temporary duty (TDY) papers to support entries in Column C. If you are filing as a Maine resident, do not complete Column C.

STEP 5. Compute your Nonresident Credit. (If you are a Maine resident, do not complete lines 10 and 11.)

Line 10. Adjusted Maine Income Tax. Enter your adjusted Maine income tax. Take this amount from 1040ME, line 20 plus line 21 (except minimum tax) minus line 22 minus Maine Schedule A, lines 5 through 7.

Line 11. Nonresident Credit. Find your nonresident credit by multiplying the amount on line 10 by line 7, Column C. Enter the result here and on Form 1040ME, line 25. This is your nonresident credit.

STEP 6. Complete Form 1040ME. Calculate your balance due or refund by completing the remaining lines on Form 1040ME. Follow the instructions for Form 1040ME.

NOTE: Maine Rev. Serv. **Rule 806** provides further tax guidance for nonresidents of Maine in the following areas: thresholds that determine when a nonresident individual must file a Maine income tax return, types of income subject to taxation, deduction of losses, apportionment of income to Maine, return form to be used, determination of taxable income for spouses filing as single individuals, and determination of tax credits for spouses filing as single individuals. For a copy of Maine Rev. Serv. Rule 806 contact Maine Revenue Services, Income/Estate Tax Division, 24 State House Station, Augusta, Maine 04333-0024 or call 1 (207) 624-7894 or visit our Web site at <http://janus.state.me.us/revenue/>.