



2016 Educational Opportunity Tax Credit Worksheet for Employers (36 M.R.S. § 5217-D)

Employer name: _____

EIN: _____

A. Qualified Employee name: _____

B. Check the type of degree employee received: ___ Bachelor's ___ Associate ___ Graduate Date of graduation: ___/___/___

C. Location at which qualified employee worked: _____

1. Enter the **monthly eligible education loan payment due** during employer's 2016 tax year..... 1. \$ _____

2. Enter the **monthly eligible education loan payment amount paid** by you and the employee during your 2016 tax year..... 2. \$ _____

3. Enter the lesser of lines 1 and 2..... 3. \$ _____

4. a. Enter the number of months* during your tax year the employee was a Maine resident..... 4a. _____

b. With respect to the months on line 4a, enter the number of months* the employee worked in Maine or was deployed for military service in the U.S. Armed Forces, or was employed at least part-time on a vessel at sea (see page 2 for a definition of "worked in Maine") 4b. _____

c. With respect to the months on line 4b, enter the number of months* you and the employee made eligible education loan payments 4c. _____

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

5. **Gross Credit.** Multiply line 3 by line 4c..... 5. \$ _____

6. a. Enter the eligible education loan amount you paid directly to the lender during your tax year, excluding any amount exceeding the amount due..... 6a. \$ _____

b. Enter the total eligible education loan amount paid during your tax year by you and the employee, excluding any amount exceeding the amount due 6b. \$ _____

c. Divide line 6a by line 6b and enter the result here..... 6c. ____ . ____

7. **Modified gross credit.** Multiply line 5 by line 6c..... 7. \$ _____

Note: If all credit hours for the employee's degree were earned after 2007, skip lines 8, 9 and 10 and enter the amount from line 7 on line 11.

8. Enter the number of credit hours earned toward the degree after December 31, 2007..... 8. _____

9. Enter the total number of credit hours earned toward the degree..... 9. _____

10. Divide line 8 by line 9 10. ____ . ____

11. If you completed lines 8, 9 and 10, multiply line 7 by line 10. Otherwise, enter the amount from line 7 11. \$ _____

12. If the employee worked for you full time (at least 32 hours/week), enter 1.0 (see instructions)..... 12. ____ . ____

If the employee worked for you part-time (at least 16 hours/week), enter 0.5.

13. Credit amount. Multiply line 11 by line 12 13. \$ _____

14. Enter the carryforward of unused credit amount from prior tax years 14. \$ _____

15. Total credit available (line 13 plus line 14).

C corporations: Add the line 15 amounts of all worksheets completed and enter the total on Form 1120ME, Schedule C, line 29f.

Sole proprietors: Add the line 15 amounts of all worksheets completed and enter the total on Form 1040ME, Schedule A, line 13.

Pass-through entities: Enter the result here and see instructions for reporting amounts to owners 15. \$ _____

Unused credit amounts on line 13 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, proof of the educational loans that qualify for the credit, proof of the educational loan payments made by you or your employee during the tax year.

2016 Educational Opportunity Tax Credit Worksheet for Employers - Instructions

This worksheet and the related instructions are for employers who made eligible education loan payments directly to the lender on behalf of qualified employees. Employers that are pass-through entities must also provide specific owner information to assist each owner in claiming their portion of the credit. Note: A self-employed person is eligible for the credit for educational opportunity for employers only if the self-employed person has qualified employees. Self-employed persons eligible to claim the credit based on loan payments made on their own behalf must complete the Credit for Educational Opportunity Tax Credit Worksheet for Maine Resident & Part-year Resident Individuals. For more information on the individual credit, see the Educational Opportunity Tax Credit Worksheet for Maine Resident and Part-year Resident Individuals.

The educational opportunity tax credit is a component of the Job Creation through Educational Opportunity program, which began in 2008. 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 employee was a resident of Maine and worked in Maine*. A Maine resident deployed for military service in the United States Armed Forces or who is employed at least part-time on a vessel at sea also qualifies if the individual meets all other eligibility criteria.

***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.

An employee eligible for the program is a graduate who:

- Obtained an associate or bachelor's degree after 2007 or a graduate degree after 2015 from an accredited Maine or non-Maine community college, college or university;
- After graduation, is a Maine resident (as defined by Maine tax law in 36 M.R.S. § 5217-D(1)(H)) working in Maine.

If loan payments are made by both you and the employee, your credit is limited to the amount you paid directly to the lender. For example, if the required 2016 monthly loan payment was \$310 and you paid half (\$155) and your employee paid half, your credit would be $\$155 \times 12 \text{ months} = \$1,860$. Your employee 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 the employee may not exceed the monthly loan payment amount due multiplied by the number of months eligible loan payments were made. If the combined monthly payment made directly to the lender by both you and the employee is more than the required monthly loan payment amount, your credit will be prorated based on the ratio of the amount you paid to the total amount paid directly to the lender multiplied by the loan payment amount due. For example, the required 2016 monthly loan payments were \$380 and you paid \$200 and your employee also paid \$200. The amount you may claim is limited to $\$190/\text{month}$ or half of the required loan amount (your payment of $\$200 \div \text{total payment made of } \$400 = .50 \times \text{total payment due of } \$380) \times 12 \text{ months} = \$2,280$. Note that the credit claimed by the employee is similarly limited and also may not exceed the benchmark loan amount. For more information on the individual credit, see the Educational Opportunity Tax Credit Worksheet for Maine Resident and Part-year Resident Individuals.

Eligible education loan payments are payments made by an employer directly to the lender for public and private education loans that are part of a financial aid package certified by an accredited Maine college or university and for loans associated with a degree earned 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 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, other than educational loans.

SPECIFIC INSTRUCTIONS

Line 1. Enter the monthly eligible education loan payment **due** during your 2016 tax year. This is most likely the amount on the employee's monthly payment voucher or electronic bill. Enter the total monthly amount due, even if part of it was paid by the employee. Enter only the required amount due, excluding any accelerated payment.

Line 2. Enter the monthly amount **paid** toward the employee's eligible education loan during the year, regardless of whether you or the employee made the payments.

2016 Education Opportunity Tax Credit Worksheet for Employers Instructions, continued

Note – Lines 1 and 2: Upon review of the credit claimed, Maine Revenue Services may ask you to provide documentation from each employee or lender showing the monthly payments due and the monthly payments made during your 2016 tax year.

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

Line 4. Eligible education loan payments include only those payments made during your 2016 tax year the employee was a resident of Maine working in Maine or was a Maine resident deployed for military service in the U.S. Armed Forces.

Enter on **line 4a** the number of months during your 2016 tax year the employee was a Maine resident. With respect to the months on line 4a, enter on **line 4b** the number of months the employee worked in Maine or was deployed for military service or was employed at least part-time on a vessel at sea. With respect to the months on line 4b, enter on **line 4c** the number of months you and your employee made eligible education loan payments directly to the lender.

Line 7. Modified gross credit. Multiply line 5 by line 6c. This is the amount of education loan payments eligible for the credit.

Line 8. Enter the number of credit hours the employee earned toward the degree after 2007. **If the employee started school after 2007, skip lines 8, 9 and 10 and enter on line 11 the amount from line 7.**

Line 9. Enter the total number of credit hours earned toward the degree. This number should be included on the employee's transcript.

Line 10. Divide line 8 by line 9. This is the portion of the degree earned after 2007 and is the basis for the credit.

Line 11. Multiply line 7 by the ratio on line 10. **If the employee started school after 2007, enter on line 11 the amount from line 7.** This is the gross amount of the credit for eligible payments made during your 2016 tax year.

Line 12. If the qualified employee worked for you an average of less than 32 hours per week during your tax year, but at least 16 hours per week, enter 0.5 on this line. Otherwise, enter 1.0. **Note: You cannot claim a credit for an employee that does not work for you at least an average of 16 hours weekly during the tax year.**

Example: If your tax year is January through December, the qualified employee worked for you January 1 through December 31, and the employee worked 12 hours weekly for 18 weeks, 20 hours weekly for 17 weeks and 36 hours weekly for 17 weeks, the average number of hours worked weekly would be calculated as follows: $([12 \times 18] + [20 \times 17] + [36 \times 17]) / 52 = (216 + 340 + 612) / 52 = 1,168 / 52 = 22.46$ average number of hours worked weekly. Since this employee worked on average at least 16 hours weekly, but not more than 31 hours weekly, you would enter 0.5 on line 13. If this employee started work July 1 (and, therefore, only worked for you 26 weeks during the year) and worked 10 hours weekly for 17 weeks, 20 hours weekly for 6 weeks and 36 hours weekly for 3 weeks, the average number of hours worked weekly would be calculated as follows: $([10 \times 17] + [20 \times 6] + [36 \times 3]) / 26 = (170 + 120 + 108) / 26 = 398 / 26 = 15.31$ average number of hours worked weekly. In this second example, educational loan payments made for the employee would not qualify for the credit because the employee worked less than 16 hours weekly on average during the time of employment.

Line 14. Carryforward of unused credit from prior tax years. Unused credit amounts may be carried forward for up to 10 years. Enter the amount of any unused credit from prior tax years not exceeding the 10-year carryforward limit.

Line 15. Pass-through entities must provide each shareholder, partner or member a copy of the credit worksheet(s) completed and a schedule showing the assignment/distribution of the credit to each owner. The assignment/distribution must be based on ownership interest in the entity. If multiple worksheets are completed, the employer may aggregate the credit amount of all worksheets for purposes of completing the schedule of assignment/distribution. The schedule must also include the name, address and EIN of the pass-through entity, and the name and SSN/EIN of each partner, shareholder or member. Owners claiming the credit must attach a copy of the credit worksheet(s) and schedule of assignment/distribution.

Carryforward amount. The credit amount on line 13 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 14 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.