

**SCHEDULE 1
FORM 1040ME**

2014

Attachment
Sequence No. 4

INCOME MODIFICATIONS

See instructions on pages 3 and 4.
Enclose with your Form 1040ME
For more information, visit www.maine.gov/revenue/forms.



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1402203

Name(s) as shown on Form 1040ME

Your Social Security Number

SCHEDULE 1 — INCOME MODIFICATIONS - For Form 1040ME, line 15

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 Add-back (See instructions).....	1e		.00
f	Maine Capital Investment Credit Bonus Depreciation Add-back (See instructions).....	1f		.00
g	Fiduciary Adjustment - additions only (Attach a copy of your federal Schedule K-1).....	1g		.00
h	Other. (See instructions) (Attach worksheet(s))	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		.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 2014 which have been previously taxed by the state.....	2g		.00
h	Contributions to Qualified Tuition Programs - 529 Plans (Limited to \$250 per beneficiary. 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. (See instructions) (Attach worksheet(s))	2k		.00
l	(Do not enter non-Maine source income on line 2k)			
l	Total Subtractions (Add lines 2a through 2k).....	2l		.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 .00

2014 - Worksheet for Pension Income Deduction - Schedule 1, Line 2dEnclose this Worksheet and copies of your 1099 form(s) with your Form 1040ME.

You and your spouse (if married) may each deduct up to \$10,000 of eligible pension income* that is included in your federal adjusted gross income. Except for military retirement pay, the \$10,000 cap must be reduced by any social security and railroad retirement benefits received, whether taxable or not.

Deductible pension income includes military retirement pay, state and federal pension benefits, and retirement benefits received from plans established and maintained by an employer for the benefit of its employees under Internal Revenue Code (IRC) sections 401(a) (qualified pension plans, including qualified 401 SIMPLE plans), 401(k) (qualified cash or deferred arrangements) and 403 (employee annuities). Deductible pension income also includes benefits received from an individual retirement account under IRC section 408, Roth IRA accounts under IRC section 408A, SIMPLE individual retirement accounts under IRC section 408(k), simplified employee pension plans under IRC section 408(p), benefits received under IRC section 457(b) (state and local government/tax exempt organizations/eligible deferred compensation plans), except that pick-up contributions received from the Maine Public Employees Retirement System ("MePERS") allowed to be deducted on Form 1040ME, Schedule 1, line 2g and pension income from 457(b) plans received prior to age 55 that is not part of a series of equal periodic payments made over the life of the recipient and the recipient's designated beneficiary, if

applicable, may not be included in the deductible pension amount.

Note that a conversion of benefits from one account to another does not qualify for the pension income deduction. For example, a deduction may not be taken when a taxpayer converts a traditional IRA to a Roth IRA. The taxpayer, in this case, does not receive a retirement or IRA benefit at the time of conversion.

Pension benefits that **do not qualify** are those received from an ineligible deferred compensation plan under IRC section 457(f), refunds of excess contributions, lump-sum distributions included on federal Form 4972 and distributions subject to the additional 10% federal tax on early distributions (see federal Form 5329, Part 1, or federal Form 1040, line 59). Also, disability benefits reported as wages on your federal income tax return do not qualify.

***Eligible pension income does not include benefits earned by another person, except in the case of a surviving spouse. Only the individual that earned the benefit from prior employment may claim the pension income for the deduction. However, a widowed spouse receiving survivor's benefits under an eligible pension plan may claim that amount for purposes of this deduction, but the total pension deduction for the surviving spouse may not exceed \$10,000.**

NOTE: Enter eligible <u>non-military</u> pension benefits on line 1 and eligible <u>military</u> retirement pay on line 6.	Taxpayer	Spouse*
1. Total eligible non-military pension income (both Maine and non-Maine sources) included in your federal adjusted gross income (from federal Form 1040A, lines 11b and 12b or federal Form 1040, lines 15b and 16b). CAUTION: Include only deductible pension benefits that are <u>not</u> specifically excluded. See the instructions above.	1. \$	\$
2. Maximum allowable deduction.	2. \$10,000.00	\$10,000.00
3. Total social security and railroad retirement benefits you received - whether taxable or not.	3. \$	\$
4. Subtract line 3 from line 2 (if zero or less, enter zero).	4. \$	\$
5. Enter the smaller of line 1 or line 4 here	5. \$	\$
6. Total eligible military retirement pay included in your federal adjusted gross income (from federal Form 1040A, line 12b or federal Form 1040, line 16b).	6. \$	\$
7. Add line 5 and line 6.	7. \$	\$
8. Enter the smaller of line 2 or line 7 here and the total for both spouses on Schedule 1, line 2d.	8. \$	\$

***Use this column only if filing married-joint return and only if spouse separately earned an eligible pension.**

2014 WORKSHEET for Maine Schedule 1, line 2f

For individuals claiming a deduction for long-term care insurance premiums. Complete this worksheet **only** if you claim Maine itemized deductions and federal Schedule A, line 4 is greater than zero or you are self-employed and federal Form 1040, line 29 is greater than zero.

- Enter total amount of long-term care insurance premiums paid during 2014: \$
- Enter amount from federal Schedule A, line 1 \$ _____
- Enter amount of long-term care premiums included in line 2 above \$ _____
- Divide line 3 by line 2..... _____
- Enter amount from federal Schedule A, line 4 \$ _____ and multiply by percentage on line 4 above \$ _____
- Enter amount of long-term care insurance premiums included on federal Form 1040, line 29..... \$ _____
- Subtract line 5 and line 6 from line 1. Enter result here and on Schedule 1, line 2f..... \$ _____