



## 2014 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's      Date of graduation: \_\_\_/\_\_\_/\_\_\_

C. Location at which qualified employee worked: \_\_\_\_\_

1. Enter the **monthly benchmark loan payment** (see instructions)..... 1. \$ \_\_\_\_\_
2. Enter the **monthly eligible education loan payment due** during employer's 2014 tax year..... 2. \$ \_\_\_\_\_
3. Enter the **monthly eligible education loan payment amount paid** by you and the employee during your 2014 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 the employee was a Maine resident..... 5a. \_\_\_\_\_  
 b. With respect to the months on line 5a, enter the number of months\* the employee worked for an employer located in Maine or was deployed for military service in the U. S. Armed Forces..... 5b. \_\_\_\_\_  
 c. With respect to the months on line 5b, enter the number of months\* you and the employee 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 by you and the employee, 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 the employee's 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 earned toward the degree after December 31, 2007..... 9. \_\_\_\_\_
10. Enter the total number of credit hours earned toward the 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. If the employee worked for you full time (at least 32 hrs/wk) , enter 1.0 (see instructions)..... 13.      \_\_\_ . \_\_\_  
**If the employee worked for you part-time (at least 16 hrs/wk), enter 0.5.**
14. Credit amount. Multiply line 12 by line 13..... 14. \$ \_\_\_\_\_
15. Enter the carryforward of unused credit amount from 2013 ..... 15. \$ \_\_\_\_\_
16. Total credit available (line 14 plus line 15).  
**C corporations:** Add the line 16 amounts of all worksheets completed and enter the total on Form 1120ME, Schedule C, line 29I.  
**Sole proprietors:** Add the line 16 amounts of all worksheets completed and enter the total on Form 1040ME, Schedule A, line 11.  
**Pass-through entities:** Enter the result here and see instructions for reporting amounts to owners ..... 16. \$ \_\_\_\_\_

**Unused credit amounts on line 14 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.

## 2014 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. Payments made on behalf of the self-employed person are not eligible for the credit.

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 for an employer located in Maine. A Maine resident deployed for military service in the United States Armed Forces also qualifies if the individual meets all other eligibility criteria.

The monthly payment amount eligible for the credit is limited to an upper cap called the benchmark loan payment. For example, if the qualified employee graduated in 2013, earned all credit hours for the degree after 2007 and monthly payments were made in 2014 of \$365 for qualified loans, the amount that can be used to calculate the credit is \$356, the applicable monthly benchmark loan payment for individuals graduating in 2013 (see instructions for line 1 below). Using this example, if regularly scheduled monthly payments of \$365 were made through the entire year and the qualified employee worked for an employer located in Maine all year, the credit would be  $\$356 \times 12 = \$4,272$ .

An employee eligible for the program is a graduate who:

- Obtained an associate's or bachelor's degree after 2007 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 for an employer located in Maine. Note: A self-employed person is eligible for the credit for educational opportunity for employers only if the self-employed person has qualified employees. Payments made on behalf of the self-employed person are not eligible for the credit.

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 2014 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 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 the qualified employee graduated in 2013 and the required monthly loan payment in 2014 was \$380, of which you paid half (\$190) and your employee paid half, the credit for both you and your employee would be based on the monthly benchmark loan payment amount for individuals graduating in 2013 (\$356). Because in this example you paid half of the required loan payments in 2014, you may use only half of the monthly benchmark loan payment amount (\$178) to calculate your credit. Your 2014 credit, therefore, would be  $\$178 \times 12 \text{ months} = \$2,136$ . Your employee would also be eligible for a credit of \$2,136, based on the remaining half of the benchmark loan payment amount.

**Eligible education loan payments** are payments made by an employer directly to the lender for 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 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.

## 2014 Education Opportunity Tax Credit Worksheet for Employers Instructions, continued

### SPECIFIC INSTRUCTIONS

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

<u>If employee graduated in:</u>	The benchmark loan payment is	
	<u>Associate's 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
2014	\$66.00	\$363.00

\* If the employee graduated in 2008 or 2009, the benchmark loan payment is the amount stated in the Opportunity Maine Contract signed with Maine college or university.

**Line 2.** Enter the monthly eligible education loan payment **due** during your 2014 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 3.** 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.

**Note – Lines 2 and 3:** 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 2014 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 2014 tax year the employee was a resident of Maine working for an employer located in Maine or was a Maine resident deployed for military service in the U.S. Armed Forces.

Enter on **line 5a** the number of months during your 2014 tax year the employee was a Maine resident. With respect to the months on line 5a, enter on **line 5b** the number of months the employee worked for an employer located in Maine or was deployed for military service. With respect to the months on line 5b, enter on **line 5c** the number of months you and your employee made eligible education loan payments.

**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 the employee earned toward the degree after 2007. **If the employee 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 the degree. This number should be included the employee's transcript.

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

**Line 12.** Multiply line 8 by the ratio on line 11. **If the employee started school after 2007, enter on line 12 the amount from line 8.** This is the gross amount of the credit for eligible payments made during your 2014 tax year.

**Line 13.** 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

## 2014 Education Opportunity Tax Credit Worksheet for Employers Instructions, continued

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 15. Carryforward of unused credit from 2013.** Enter the amount of any unused credit from tax year 2013. Unused credit amounts may be carried forward for up to 10 years.

**Line 16.** 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 14 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.