



Dual Residence Reduction of Tax Credit Worksheet for Tax Year 2025 36 M.R.S. § 5128

Enclose with Form 1040ME.

Also enclose a copy of the income tax return filed with the other jurisdiction.

Taxpayer Name: _____ SSN: _____

Name of other taxing jurisdiction: _____

1. a. Amount of income taxed by both jurisdictions as a resident of both jurisdictions 1a. \$ _____
b. Amount from Form 1040ME, Worksheet for Credit for Income Tax Paid to Other
Jurisdiction, line 2d, taxed by the other jurisdiction named above 1b. \$ _____
c. Subtract line 1b from line 1a 1c. \$ _____
List type and amount of income included on line 1c: _____

2. Maine adjusted gross income (Form 1040ME, line 16) 2. \$ _____
3. Percentage of income taxed by both jurisdictions (divide line 1c by line 2) 3. ____ . ____
4. a. Maine tax on line 1c income: (Form 1040ME, line 20) \$ _____ x line 3..... 4a. \$ _____
b. Other jurisdiction tax paid (do not enter the amount withheld) on line 1c income 4b. \$ _____
5. Total tax assessed by both jurisdictions (add line 4a and line 4b) 5. \$ _____
6. Enter the smaller of line 4a or line 4b 6. \$ _____
7. Percentage of Maine tax in relation to total combined tax for both jurisdictions
(divide line 4a by line 5) 7. ____ . ____
8. Dual Residence Reduction of Tax Credit:
Multiply line 6 by line 7. Enter the result here and on Form 1040ME,
Schedule A, Other Tax Credits Worksheet (for Lines 8 and 20), line 13 8. \$ _____

Note: MRS may request additional information supporting the credit claimed before the return can be processed.

Dual Residence Reduction of Tax Credit Worksheet for Tax Year 2025 Instructions

36 M.R.S. § 5128

Individuals who are considered residents of both Maine and another state for income tax purposes may qualify for a reduction of tax provided the other taxing jurisdiction allows a similar tax reduction. Generally, income qualifying for the credit for taxes paid to another jurisdiction does not qualify for this credit. Income that generally qualifies for the dual residence tax reduction is income from intangible sources such as interest and pension income. For questions on how to complete this worksheet, email income.tax@maine.gov.

The reduction of tax is equal to a ratio of which the numerator is the Maine tax applicable to the income taxed twice and the denominator of which is the sum of the two taxes applicable to the income taxed twice multiplied by the lower of the two taxes applicable to the income taxed twice.

General Instructions

Enter taxpayer name and social security number ("SSN") where indicated at the top of the form. Then enter the name of the other taxing jurisdiction where indicated above line 1.

Line 1 is used to determine income taxed by both jurisdictions as a resident of each state excluding income eligible for the Credit for Tax Paid to Other Jurisdictions (Form 1040ME, Worksheet for Credit for Income Tax Paid to Other Jurisdiction). The worksheet is available at maine.gov/revenue/tax-return-forms.

Line 3 is the percentage of income taxed by both jurisdictions in relation to the total Maine income.

Line 4 reflects the tax assessed by each jurisdiction on the income eligible for dual residence tax deduction.

Line 7 is the percentage Maine tax represents of total tax assessed by both jurisdictions on the income eligible for the dual residence tax reduction.

Example:

John and Jane are full-year Maine residents, but they are also required to file as statutory residents of state XYZ for the entire year. State XYZ allows a credit similar to Maine's Dual Residence Reduction of Tax Credit. John and Jane filed a married joint return and had federal adjusted gross income of \$150,000. John had wages of \$50,000, pension of \$95,000 and interest of \$5,000 that are also taxed by state XYZ as resident income.

Name of other taxing jurisdiction: <u>State XYZ</u>	
1. a. Amount of income taxed by both jurisdictions as a resident of both jurisdictions	1a. \$ <u>150,000</u>
b. Amount from Form 1040ME, Worksheet for Credit for Income Tax Paid to Other Jurisdiction, line 2d taxed by the other jurisdiction named above	1b. \$ <u>50,000</u>
c. Subtract line 1b from line 1a.....	1c. \$ <u>100,000</u>
List type and amount of income included on line 1c: <u>Pension: \$95,000</u>	
<u>Interest: \$5,000</u>	
2. Maine adjusted gross income (Form 1040ME, line 16).....	2. \$ <u>150,000</u>
3. Percentage of income (divide line 1c by line 2)	3. <u>0 . 6 6 6 7</u>
4. a. Maine tax on line 1c income (Form 1040ME, line 20) \$ <u>6,896</u> x line 3.....	4a. \$ <u>4,598</u>
b. Other jurisdiction tax paid (do not include amount withheld) on line 1c income	4b. \$ <u>2,353</u>
5. Total tax assessed by both jurisdictions (add line 4a and line 4b).....	5. \$ <u>6,951</u>
6. Enter the smaller of line 4a or line 4b	6. \$ <u>2,353</u>
7. Percentage of Maine tax in relation to total combined tax for both jurisdictions (divide line 4a by line 5).....	7. <u>0 . 6 6 1 5</u>
8. Dual Residence Reduction of Tax Credit:	
Multiply line 6 by line 7. Enter the result here and on Form 1040ME, Schedule A, Lines 8 and 20 Other Tax Credits Worksheet, line 13.....	8. \$ <u>1,557</u>