

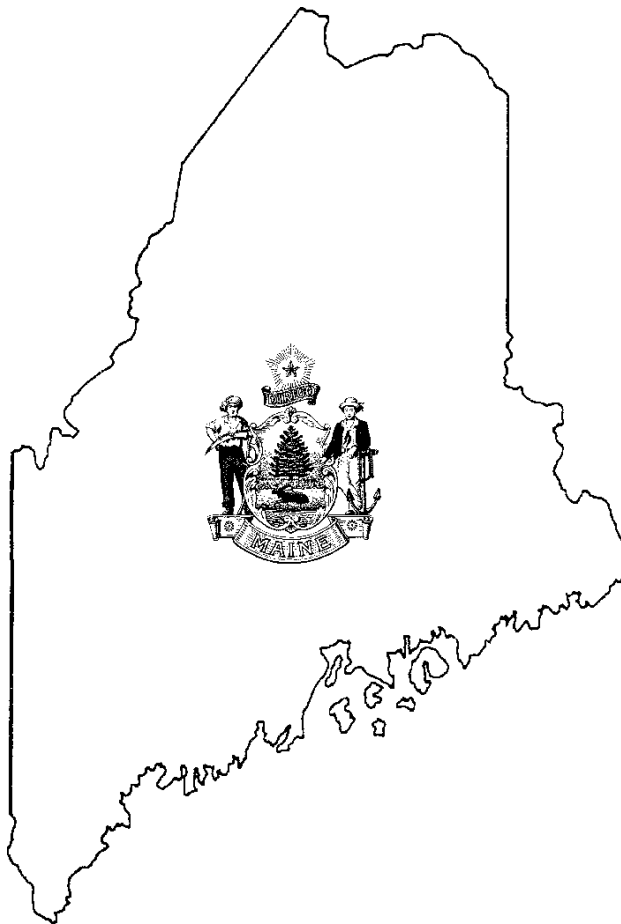
INDIVIDUAL INCOME TAX

Schedule NRH

Worksheet A

Worksheet C

for Apportionment and for Calculating the Nonresident Credit for Part-year Residents, Nonresidents, and Safe Harbor Residents (for Married Person Electing to File Single)



GUIDANCE DOCUMENT

Maine Revenue Services, Income/Estate Tax Division

Schedule NRH For Married Person Electing To File Single

Generally, part-year residents, nonresidents, and safe harbor residents must file a Maine return using the same filing status as properly used on the federal return and, to claim a nonresident tax credit, must complete **Form 1040ME and Schedule NR**. For more information on filing Schedule NR, see the “*Schedule NR*” guidance document. **Note:** You may not claim a nonresident credit if all your income is taxable to Maine.

However, even if the filing status on your federal income tax return is married filing jointly, you may elect to file as a single individual on the Maine income tax return if either of the following apply to you:

- (1) The residency status for you and that of your spouse was different for Maine during the tax year; **or**
- (2) Both you and your spouse were nonresidents or safe harbor residents of Maine for the entire tax year, but only one of you had Maine-source income during the tax year.

Note: If the filing status on your federal return was single, head-of-household, or married filing separately, you cannot file using Schedule NRH.

Note: Taxpayers using Schedule NRH must include a **complete copy** of their federal income tax return (including all schedules and worksheets) with the Maine income tax return when filing.

For information regarding residency status, please refer to the “*Determining Residency Status*” and the “*Residency Safe Harbors*” guidance documents.

Maine income tax **guidance documents** are available at: maine.gov/revenue/taxes/income-estate-tax/guidance-documents.

Downloadable Maine **tax forms** are available at: maine.gov/revenue/tax-return-forms.

Schedule NRH options for married taxpayers

If one spouse is a full-year Maine resident and the other spouse is not, and a joint federal income tax return was filed, you have two options:

- (1) You can choose to file a joint Maine income tax return as if both were full-year Maine residents in which case you may qualify for the Credit for Income Tax Paid to Other Jurisdictions (36 M.R.S. § 5217-A); or
- (2) Each spouse may file a Maine income tax return as a single individual using Form 1040ME with Schedule NRH. Each tax return must show the proper residency status. If the nonresident or safe harbor resident spouse has no Maine-source income, that spouse does not have to file a Maine return. You may choose this option only if you filed a joint federal income tax return.

If one spouse is a full-year Maine resident and the other spouse is a nonresident, the Maine resident spouse must file as a single individual using Schedule NRH unless filing a married joint return as full-year Maine residents results in a lower tax liability. See below for additional instructions.

If both spouses are nonresidents or safe harbor residents, and a joint federal income tax return was filed, but only one spouse has Maine-source income, you have two options:

- (1) You can choose to file a joint Maine return and determine your joint tax liability as nonresidents

using Form 1040ME with Schedule NR (For more information, see Form 1040ME, Schedule NR); or

- (2) The spouse who has Maine-source income can choose to file a return as a single individual using Form 1040ME with Schedule NRH (For more information, see Form 1040ME, Schedule NRH).

Calculating Maine Taxable Income

Maine taxable income is equal to federal adjusted gross income adjusted by Maine income modifications, personal exemptions and deductions. Your tax is first calculated as if you were a resident of Maine for the entire year. Part-year residents, nonresidents, and safe harbor residents may then claim a credit calculated using Schedule NR or Schedule NRH, Worksheets A and B, and if necessary, Worksheet C based on the income that was earned outside Maine while a nonresident of Maine. **Note:** Nonresident or safe harbor resident service members, see below for special instructions.

- Do not begin the Maine return with only the income earned in Maine. You must begin your Maine income tax return with the total federal adjusted gross income.
- Unless specifically instructed, do not subtract income earned outside Maine as an income subtraction modification on Form 1040ME, Schedule 1S.

Schedule NRH is designed to separate joint income between spouses and, if the filer is a nonresident or part-year resident, between Maine-source income and non-Maine-source income. **Note:** A part-year resident is subject to Maine income tax on all income derived while a resident of Maine, even if the income is received from out-of-state sources, plus any income derived from Maine-sources during the period of nonresidence.

Maine-source income (loss) includes the following:

- 1) All income received while a resident of Maine;
- 2) Salaries and wages earned working in Maine, including any taxable benefits related to those earnings, such as annual and sick leave, unless otherwise excepted. See Exceptions below. See 36 M.R.S. §§ 5142(8-B) and 5142(9) and MRS [Rule 806](#);
- 3) Income (loss) derived from or connected with the carrying on of a trade or business within Maine (including distributive share of income (loss) from partnerships and S corporations operating in Maine), unless otherwise excepted. See the nonresident filing exceptions below. See 36 M.R.S. §§ 5142(8-B) and 5142(9) and MRS Rule 806;
- 4) Shares of trust and estate income derived from Maine-sources;
- 5) Income (loss) attributed to the ownership or disposition of real or tangible personal property in Maine. For tax years beginning on or after January 1, 2019, nonresident individual taxpayers may elect to recognize the entire gain from an installment sale of real or tangible property located in Maine in the taxable year of the transfer or the remaining gain in a subsequent taxable year to the extent the gain has not been reported in a previous tax year. Once made, the election is irrevocable. See 36 M.R.S. § 5147;
- 6) Maine-source gain (or loss) from the sale of a partnership interest. To determine the gain or loss from the sale of a partnership interest attributable to Maine, divide the original cost of all tangible property of the partnership located in Maine by tangible property everywhere. Tangible property includes, but is not limited to, real estate, inventory, and equipment. If you don't know these amounts, contact the partnership. If more than 50% of the partnership's assets consist of intangibles, the gain (or loss) is allocated to Maine based on the sales factor of the partnership. Divide the sales in Maine for the last full

tax year of the partnership preceding the year of sale by the total sales for that same year. Multiply the result by the gain or loss on the sale of the partnership interest reported on your federal return. “Sales” for purposes of computing the sales factor are defined in MRS [Rule 801](#). Include the gain (or loss) from the sales of a partnership interest on Schedule NRH, line 1f; and

- 7) Maine State Lottery or Tri-State Lottery winnings from tickets purchased within Maine, including payments received from third parties for the transfer of rights to future proceeds related to Maine State Lottery or Tri-state Lotto tickets purchased in Maine, plus all other income from gambling activity conducted in Maine.

Except for Item 6 above, income from intangible sources, such as interest, dividends, annuities, most pensions, and gains or losses attributable to intangible personal property, received by a nonresident or a safe harbor resident is not Maine-source income unless it is attributable to a business, trade, profession, or occupation carried on in Maine.

Nonresident filing exceptions

- **Minimum taxability thresholds.** A nonresident individual working in Maine as an employee is not required to pay a Maine tax or file a Maine return on income from personal services unless that individual works in Maine for more than 12 days and earns or derives income from all Maine-sources totaling more than \$3,000. Up to 24 days performing certain personal services, such as training and site inspections, are not counted against the 12-day threshold. Also, generally, a nonresident individual present in Maine for business, on other than a systematic or regular basis, either directly or through agents or employees, for no more than 12 days and earning no more than \$3,000 from business activity in Maine is not required to pay a Maine tax or file a Maine return on that income.
- **Political subdivision employee.** Income earned by a nonresident employee of a political subdivision of an adjoining state performing services in Maine in accordance with an interlocal agreement under 30-A M.R.S., Chapter 115 is not considered Maine-source income, so long as the work performed does not displace a Maine resident employee.
- **Declared state disaster or emergency.** Compensation or income directly related to a declared state disaster or emergency is exempt from Maine tax if the taxpayer’s only presence in Maine during the tax year is for the sole purpose of providing disaster relief.

For more information, see 36 M.R.S. §§ 5142(8-B) and 5142(9) and MRS Rule 806.

Examples - When to File Schedule NRH

Example 1: *Fred is a resident of Maine. His wife, Jane, is a resident of Massachusetts. Each maintains a separate permanent home in their respective state of residency. Jane earns no income in Maine. They file a married joint federal return.*

Fred and Jane have two options;

- (1) They could choose to file married joint with Maine as if both were full-year residents of Maine. See Form 1040ME and the Worksheet for Credit for Income Tax Paid to Other Jurisdiction to determine whether they may claim a credit for tax paid to another jurisdiction, or

- (2) Fred could file a return with Maine using the single filing status, completing Schedule NRH. Jane would not file a Maine return because she is not a resident of Maine and has no Maine-source income to report in this situation.

Fred and Jane may choose either filing option in this example, depending on the option that results in the lower tax liability.

Example 2: *Fred is a resident of Maine. In June, Fred marries Jane who had been a resident of Massachusetts. Once wed, Jane moves to Maine and establishes Maine residency. Jane leaves a job in Massachusetts and gets another job in Maine. Fred and Jane file a married joint federal return.*

Fred and Jane have two options;

- (1) They could choose to file married joint with Maine as if both were full-year residents of Maine. See Form 1040ME, Worksheet for Credit for Income Tax Paid to Other Jurisdiction to determine whether they may claim a credit for tax paid to another jurisdiction, or
- (2) Jane and Fred could each file a Maine return using the single filing status. Each would complete a Schedule NRH along with Form 1040ME. Fred is a full-year resident; Jane is a part-year resident.

Fred and Jane may choose either filing option in this example, depending on the option that results in the lower tax liability.

Example 3: *Fred and Jane are residents of Massachusetts. Jane commutes to Kittery, Maine to work. Fred works in Boston, Massachusetts. They file a married joint federal return.*

Fred and Jane have two options;

- (1) They could choose to file married joint with Maine as nonresidents and use Schedule NR to calculate a nonresident credit, or
- (2) Jane could file a return with Maine using the single filing status as a nonresident, using Schedule NRH. Fred would not file a Maine return because he has no maine-source income.

Fred and Jane may choose either filing option in this example, depending on the option that results in the lower tax liability.

Example 4: *Fred and Jane are residents of Massachusetts. Fred and Jane both commute to Maine to work. They file a married joint federal return.*

Fred and Jane must file a married joint, nonresident Maine income tax return, since they both have Maine-source income. They must use Schedule NR to claim a nonresident credit on any non-Maine-source income.

Instructions For Completing Form 1040ME, Schedule NRH

(Nonresident and Safe Harbor Resident Service Members, see below for special instructions.)

Note: Form 1040ME, Schedule NRH (Schedule NRH) is a complicated form. You should not try to complete the form without having read the specific line-by-line instructions.

Step One: Complete Form 1040ME

- 1) If you are electing to file a single return using Schedule NRH, enter your name, social security number and address on Form 1040ME. Enter only **your** name and social security number on the Maine return. Do not include your spouse's name and social security number on the lines labeled "Your name" and "Your social security number," even if your spouse's name was first on your federal income tax return.
- 2) Check the box for **Single** for your filing status. Do not check the married filing joint or married filing separate boxes.
- 3) Check the box for the residency status that applies to you. For more information regarding residency status, see the "*Determining Residency Status*" and the "*Residency Safe Harbors*" guidance documents. Also check the box to indicate you are filing Schedule NRH with your Form 1040ME.
- 4) Check the age and blindness boxes if they apply to you. Do not complete the boxes for your spouse.
- 5) For personal exemptions on Line 13, do not include your spouse. Enter "1." Except, enter "0" if you may be claimed as a dependent on another person's return.

Step Two: Complete Worksheet A

Step Three: Complete Schedule NRH

- 1) Complete Schedule NRH, Column A. Include all income from both spouses as reported on your joint federal return.

Complete Schedule NRH, Column B. Enter only your portion of the income reported in Schedule NRH, Column A. If you and your spouse do not use separate accounting for earnings and deductions, then income other than wages, Maine income addition modifications, and Maine income subtraction modifications are divided equally between you and your spouse.

Complete Schedule NRH, Column C only if you are a part-year resident, nonresident or safe harbor resident of Maine. Enter the non-Maine-source income that is included in Schedule NRH, Column B.

If you were a resident of Maine, leave Schedule NRH, Column C blank even if you worked outside Maine.

Do not enter your spouse's income in Schedule NRH, Column C.

Note: The sum of Schedule NRH, Column B and Column C will generally not equal Schedule NRH, Column A.

- 2) Complete Form 1040ME, Schedule A if you have any tax credits. Personal credits including the dependent exemption tax credit (Form 1040ME, Schedule A, lines 1 and 9), child care credit (Form 1040ME, Schedule A, lines 2 and 10), the adult dependent care credit (Form 1040ME, Schedule A, lines 3 and 11), the earned income tax credit (Form 1040ME, Schedule A, lines 4 and 12), the student loan repayment tax credit (Form 1040ME, Schedule A, line 5), and the credit for income tax paid to other jurisdiction (Form 1040ME, Schedule A, line 13) are prorated on the related credit worksheets available at maine.gov/revenue/taxes/tax-relief-credits-programs/income-tax-credits/. Enter your share of each credit on Form 1040ME, Schedule A to enter the results on Form 1040ME, lines 23 and 25c. You may claim 100% of your ownership share of the business credits on Form 1040ME, Schedule A, lines 6, 7, and 14 through 19.

Schedule NRH also contains instructions on the information to enter on page 1 of Form 1040ME. These instructions are located on lines 4, 5, 6, 8, 10, and 11 of Schedule NRH.

Nonresident and Safe Harbor Resident Service Members

A “service member” is defined as a member of the United States Army, Navy, Air Force, Marine Corps, Space Force, Coast Guard, and a commissioned officer of the Public Health Service or the National Oceanic and Atmospheric Administration. It also includes a member of the National Guard who is under a call to active service authorized by the President or the Secretary of Defense for a period of more than 30 consecutive days for purposes of responding to a national emergency declared by the President and supported by Federal funds.

The federal Servicemembers Civil Relief Act (SCRA), as amended, (50 U.S.C. Chapter 50, Subchapter V) generally provides that a service member neither loses nor acquires a residence or domicile for purposes of state income tax. Amendments to the SCRA further provide certain residency elections for the service member and the service member’s spouse and affects the computation of Maine individual income tax for certain nonresidents (including safe harbor residents) as follows:

- 1) For tax years beginning on or after January 1, 2003 (tax years beginning on or after January 1, 2007 for safe harbor residents), the SCRA prevents states from including the military compensation of nonresident service members in the total income when computing the applicable rate of tax imposed on other income earned by the nonresident service member, or their spouse, that is subject to tax by the state.
- 2) For tax years beginning on or after January 1, 2009, the SCRA provides that a spouse of a service member may retain residency in their home state for tax purposes if the spouse is in Maine solely to be with the service member who is in the state due to military orders.
- 3) For tax years beginning on or after January 1, 2018, the SCRA provides that a spouse of a service member may adopt the home of record of their military spouse for tax purposes. Income earned in Maine by a nonresident service member’s spouse who is domiciled in another state may not be considered Maine-source income.
- 4) For tax years beginning on or after January 1, 2023, the SCRA allows the active-duty service member and the service member’s spouse to elect, for any taxable year of the marriage, to file state income taxes based on one of the three residency options noted below:
 - a. The residence or domicile of the service member,
 - b. The residence or domicile of the service member’s spouse, or
 - c. The permanent duty station of the service member.

The service member’s Leave and Earnings Statement will indicate which state the service member and the service member’s spouse are claiming as their legal residence.

Since the 2024 Maine income tax return includes income of the nonresident service member, a deduction must be made on the Maine return for a nonresident or safe harbor resident service member. To deduct the military income of a nonresident or safe harbor resident service member from the Maine taxable income in 2024 and to calculate a nonresident credit for any income of a nonresident military spouse, use the following instructions:

- 1) Enter the total federal adjusted gross income on Form 1040ME, line 14.
- 2) Complete Form 1040ME, Schedule 1S (see line 5).

- 3) Complete Form 1040ME, lines 15a through 20a.
- 4) Complete Form 1040ME, Worksheet A (if applicable).
- 5) Complete Form 1040ME, Schedule NRH.

The military income of a nonresident service member filing Form 1040ME, Schedule NRH should be included in Columns A, B, and C on lines 1 and line 5b. On line 5b, write “NR military compensation” in the space provided.

The Maine earned income of the nonresident service member’s spouse filing Form 1040ME, Schedule NRH should be included in Columns A, B, and C on line 1 only.

This procedure will ensure the proper ratio for the determination of the nonresident credit.

If you are completing Form 1040ME, Schedule NR, see the “*Schedule NR*” guidance document for more information.

- 6) Complete Form 1040ME, lines 21 through 35.

Questions about the computation of Maine individual income tax for certain nonresidents should be directed to the Income/Estate Tax Division of Maine Revenue Services at: income.tax@maine.gov.