

SCHEDULE NR INSTRUCTIONS

A **nonresident** estate/trust is subject to Maine income tax only on income derived from sources within Maine. See 36 M.R.S.A. § 5142 (nonresident taxable income) and MRS Rule No. 806 (nonresident individual income tax). This includes the following:

1. Salaries and wages earned working in Maine, including all taxable benefits such as annual and sick leave except for certain salaries and wages earned by the spouse of a nonresident military servicemember;
2. Distributive share of income (loss) from partnerships and S Corporations operating in Maine;
3. Shares of estate and trust income derived from Maine sources;
4. Income (loss) attributed to the ownership or disposition of real or tangible personal property in Maine;
5. Maine-source gain (or loss) from sale of a partnership interest.

NOTE: 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 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 the federal return. "Sales" for purposes of computing the sales factor are defined in Rule No. 801.06; and

6. Maine State Lottery or Tri-State Lottery winnings from tickets purchased within Maine on or after July 13, 1993, 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 on or after June 29, 2005.

Except for #5 above, income from intangible sources, such as interest, dividends, pensions, annuities, gains or losses attributable to intangible personal property, is not Maine-source income **unless** it is attributable to a business, trade, profession or occupation carried on in Maine.

NOTE: Resident estates or trusts with nonresident or "Safe Harbor" resident beneficiaries must complete a pro forma Schedule NR (as if the estate or trust were a nonresident estate or trust) in order to complete Column 6 of Schedule 2. Enter on Schedule 2, line g, Column 6 the amount from Schedule NR, line 4, Column B. Attach a copy of the pro forma Schedule NR to the Maine income tax return for the estate or trust.