



2015 Educational Opportunity Tax Credit Worksheet

for Maine Resident & Part-year Resident Individuals

36 M.R.S. § 5217-D

IMPORTANT NOTE: You cannot use this worksheet if your employer paid part or all of your education loan payments directly to the lender. See instructions.

Your name: _____

Social security number: _____

A. Check the type of degree you received: ___ Bachelor's ___ Associate's Date you graduated: ___/___/___

B. College or university from which you obtained the degree: _____
Name of degree as it appears on your diploma: _____
(example, Bachelor of Science Computer Science)

C. Check here if this is a degree in Science, Technology, Engineering or Mathematics ("STEM") (see instructions): _____

1. Enter the **monthly benchmark loan payment** (see instructions).....1. \$ _____

2. Enter the **monthly eligible education loan payment due** during your 2015 tax year.....2. \$ _____

3. Enter the **monthly eligible education loan payment amount you paid** during your 2015 tax year...3. \$ _____

4. Enter the smallest of lines 1, 2 and 3.....4. \$ _____

5. a. Enter the number of months* during the tax year you were a Maine resident.....5a. _____

b. With respect to the months on line a, enter the number of months* you worked in Maine or were deployed for military service in the U.S. Armed Forces (see page 2 for a definition of "worked in Maine").....5b. _____

c. With respect to the months on line b, enter the number of months* you 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. \$ _____

Note: If all credit hours for your degree were earned after 2007, skip lines 7, 8 and 9 and enter the amount from line 6 on line 10.

7. Enter the number of credit hours you earned toward your degree after December 31, 2007.....7. _____

8. Enter total number of credit hours you earned toward your degree.....8. _____

9. Divide line 7 by line 8.....9. ____ . ____

10. If you completed lines 7, 8 and 9, multiply line 6 by 9. Otherwise, enter the amount from line 6.....10. _____

11. Adjustment for transferring students (see instructions).....11. ____ . ____

Note: If all credit hours for your degree were earned from a Maine college or university, enter 1.00.

12. a. If line C above **is** checked, multiply line 10 by line 11 and enter the result here and on Form 1040ME, Schedule A, line 3. Then go to line 13.....12a. \$ _____

b. If line C above is **not** checked, multiply line 10 by line 11 and go to line 13.....12b. \$ _____

13. Enter the carryforward of unused credit amount from 2014.....13. \$ _____
If line C above **is** checked, enter this amount on Form 1040ME, Schedule A, line 11.
If line C above is **not** checked, go to line 14 below.

14. If line C above is not checked, add lines 12b and 13 and enter the total here and on Form 1040ME, Schedule A, line 11.....14. \$ _____

UNUSED CREDITS ON LINE 12b MAY BE CARRIED FORWARD TO FUTURE TAX YEARS FOR UP TO 10 YEARS - SEE INSTRUCTIONS

Note: If this is the first year you are claiming this credit, you **must** include a complete copy of your college transcript, proof of the educational loans that qualify for the credit and proof of the educational loan payments made by you or your employer during the tax year. Additionally, Maine Revenue Services may request additional documentation supporting your claim in subsequent tax years.

2015 Educational Opportunity Tax Credit Worksheet for Maine Resident & Part-year Resident Individuals - Instructions

This worksheet and the related instructions are for individual taxpayers who have made eligible education loan payments. Employers eligible to claim the related credit must complete the **Credit for Educational Opportunity Worksheet for Employers**.

IMPORTANT: If your employer directly paid to the lender all of your education loan payments, you DO NOT QUALIFY for this credit. If your employer directly paid all of your education loan payments, do not complete or file this worksheet. If your employer directly paid part of your loan payments, you may qualify for a credit, but you cannot use this worksheet to calculate the credit. If your employer directly paid part of your loan payments, call Maine Revenue Services at 626-8475 to obtain the special credit worksheet to calculate your credit.

The educational opportunity tax credit is a component of the Job Creation through Educational Opportunity program, which began in 2008. The purpose of the program is to provide an income tax credit for Maine resident taxpayers who have received an undergraduate degree (associate's or bachelor's) from an accredited Maine college or university and who, after graduation, live, work and pay taxes in Maine.

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 individual was a resident of Maine and worked in Maine*. A Maine resident deployed for military service in the United States Armed Forces, including the National Guard and the Reserves of the United States Armed Forces, also qualifies if the individual meets all other eligibility criteria. See 26 M.R.S., § 814(1)(A) for qualifications to be considered deployed for military service.

**NOTE: "Worked in Maine" includes an employee who has worked outside Maine for up to 3 months during the Maine residency period of the tax year. An employee who worked in Maine for any part of a month is considered to have worked in Maine for that entire month.*

The monthly payment amount eligible for the credit is limited to an upper cap called the benchmark loan payment. For example, if you graduated in 2014, earned all credit hours for a bachelor's degree after 2007 and made monthly payments in 2015 of \$375 for qualified loans, the amount you can use to calculate the credit is \$363, the applicable monthly benchmark loan payment for individuals graduating in 2014 (see instructions for line 1 below). Using this example, if you made regularly scheduled monthly payments of \$375 through the entire year and worked in Maine, your credit would be $\$363 \times 12 = \$4,356$.

For tax year 2015, a graduate eligible for the program is one who:

- Obtained an associate's or bachelor's degree after 2007 from an accredited Maine community college, college or university:
 - **all** course work completed after 2007 for the degree must have been performed at an accredited Maine community college, college or university, except that:
 - beginning in 2013, qualifying graduates may have earned up to 30 credit hours toward the degree at an accredited non-Maine community college, college or university prior to transferring to an accredited Maine community college, college or university after December 31, 2012 if the credit hours were earned after 2007;
 - was a Maine resident (as defined by education law in 20-A M.R.S. § 12541(5)) while attending a Maine college or university in pursuit of an associate's or bachelor's degree (applies only after 12/31/2007);
- After graduation, is a Maine resident (as defined by Maine tax law in 36 M.R.S. § 5217-D(1)(H)) working in Maine.
 - Beginning in 2015, a self-employed person who is an eligible graduate may qualify for the credit for educational opportunity for individuals. The self-employed person may also qualify for the credit for employers if the self-employed person has employees. For more information on the employer credit, see the Credit for Educational Opportunity Worksheet for Employers.

If both spouses are eligible, both may claim the credit on a married-joint return. The credit may not reduce your Maine income tax due to less than zero, except that, for tax years beginning after 2012, the credit is refundable if your degree is an approved degree in science, technology, engineering or mathematics. Unused non-refundable credit amounts may be carried forward for up to ten years.

Eligible education loan payments are payments made directly to the lender by a qualifying graduate for public and private education loans that are part of a financial aid package certified by an accredited Maine college or university. Eligible education loan payments also include payments made for loans associated with earning up to 30 credit hours for the degree at an accredited non-Maine college or university by a qualifying graduate who transferred to an accredited Maine college or university after December 31, 2012; however, the credit will be reduced to 50% for an associate's degree or 75% for a bachelor's degree (see instructions for line 11).

- Only eligible education loan payments made during the part of the tax year during which the individual was a resident of Maine working 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.

2015 Educational Opportunity Tax Credit Worksheet for Maine Resident & Part-year Resident Individuals - Instructions, continued

SPECIFIC INSTRUCTIONS

Line C. If your degree is an approved degree in science, technology, engineering or mathematics (“STEM”), check the STEM degree box. A list of approved STEM degrees is available on the MRS website at www.maine.gov/revenue/forms.

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

| <u>If you 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 |
| 2015 | \$70.00 | \$377.00 |

* If you graduated in 2008 or 2009, the benchmark loan payment is the amount stated in the Opportunity Maine Contract you signed with your college or university. If this is the first time you are claiming the credit, include a copy of that contract with this worksheet, or, if you do not have a copy of the contract, include a copy of a statement from your school's financial aid office stating the benchmark loan payment for the year in which you graduated.

Line 2. Enter the monthly eligible education loan payment **due** during the 2015 tax year. This is most likely the amount on your monthly payment voucher or electronic bill. Enter the total monthly amount due, even if part of it was paid by someone else. Enter only the required amount due, excluding any accelerated payment.

Line 3. Enter the monthly amount you **paid** toward your eligible education loan during the year. Do not include amounts paid by someone else.

Note – Lines 2 and 3: Upon review of the credit claimed, Maine Revenue Services may ask you to provide documentation from each lender showing the monthly payments due and the monthly payments made during your 2015 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 by you during your 2015 tax year while you were a resident of Maine working in Maine or were a Maine resident deployed for military service in the U.S. Armed Forces. Individuals unemployed during the entire Maine residency period do not qualify for the credit. A self-employed person may be eligible for the credit for educational opportunity for individuals and/or the credit for employers if the self-employed person had employees during the tax year. For more information on the employer credit, see the Credit for Educational Opportunity Worksheet for Employers.

Enter on **line 5a** the number of months during the 2015 tax year you were a Maine resident. With respect to the months on line 5a, enter on **line 5b** the number of months you worked in Maine or were deployed for military service. With respect to the months on line 5b, enter on **line 5c** the number of months you made eligible education loan payments. For example, if your tax year is the 2015 calendar year, you were a Maine resident for the entire year 2015, you started working in Maine on August 1, 2015 and made six eligible education loan payments beginning July 2015, you would enter 12 on line 5a, 5 on line 5b and 5 on line 5c. In this example, there were only five months during the year (August – December) that you met all of the requirements.

Line 7. Enter the number of credit hours you earned toward your degree after 2007. **If you started school after 2007, skip lines 7, 8 and 9 and enter on line 10 the amount from line 6.**

Line 8. Enter the total number of credit hours earned toward your degree. This number should be included on your transcript.

Line 9. Divide line 7 by line 8. This is the portion of your degree earned after 2007 and is the basis for your credit.

Line 10. Multiply line 6 by the ratio on line 9. **If you started school after 2007, enter on line 10 the amount from line 6.** This is the gross amount of the credit for eligible payments you made during your 2015 tax year.

2015 Educational Opportunity Tax Credit Worksheet for Maine Resident & Part-year Resident Individuals - Instructions, continued

Line 11. Adjustment for transferring students. If you began your college studies out-of-state after 2007 and transferred to a Maine college after December 31, 2012 and earned no more than 30 credits toward your degree out-of state, you may still be eligible for a limited income tax credit. If you earned up to 30 credits at an accredited non-Maine community college, college or university before transferring to an accredited Maine community college, college or university, enter 0.75 on this line if you earned a bachelor's degree or 0.50 if you earned an associate's degree. If you earned all credits in Maine, enter 1.00.

Line 12. Current year credit. Complete line 12a **if line C is checked** (your degree is an approved STEM degree) and enter the result on Form 1040ME, Schedule A, line 3. This amount is fully refundable. Complete line 12b **if line C is not checked** (your degree is **not** an approved STEM degree).

Line 13. Carryforward of unused credit from 2014. Enter the amount of any unused credit from tax year 2014. This would be the unused credit amount included on your 2014 credit worksheet, line 14. If this is the first year you are claiming the credit, enter zero. **If line C is checked**, also enter this amount on Form 1040ME, Schedule A, line 11. This amount of the credit is not refundable. **If line C is not checked**, go to line 14.

Line 14. If line C is not checked, add lines 12b and 13 and enter the total on line 14 and on Form 1040ME, Schedule A, line 11. This credit amount is not refundable.

Carryforward of unused credits. The credit amount on line 12b 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 13 that you cannot use this year, as long as the carryforward year is within 10 years following the year the credit was calculated. Keep a record of the unused credit amount available for future tax years.

SUPPORTING DOCUMENTATION. In the first year a taxpayer claims the credit, MRS requires the following documents be included with your Maine individual income tax return (Form 1040ME):

- a completed Educational Opportunity Tax Credit Worksheet;
- a complete copy of the college transcript that lists the name of the degree obtained, classes completed and when completed;
- documentation of the monthly student loan payment required to be made; and,
- the actual monthly student loan payment amounts.

Once these facts are supported in the first year, documentation on these items will generally not again be required by MRS in future years. However, documentation may be requested after the first year related to actual loan payments made during the year and on employment status.