



2017
WORKSHEET FOR MAINE FORM 1120ME
SCHEDULE B, MODIFICATIONS
MODIFICATION FOR ALTERNATIVE MINIMUM TAX

ADDITIONS:

- 1. Income taxes imposed by Maine or any other state (attach schedule)1. _____
- 2. Interest from state and municipal bonds other than Maine2. _____
- 3. Net operating loss adjustment.....3. _____
- 4. Maine capital investment credit bonus depreciation add-back.....4. _____
- 5. Bonus depreciation add-back.....5. _____
- 6. Other (see instructions)6. _____
- 7. TOTAL ADDITIONS (add lines 1 through 6).....7. _____

SUBTRACTIONS:

- 8. Nontaxable interest8. _____
- 9. Foreign dividend gross-up.....9. _____
- 10. Work opportunity credit and empowerment zone credit deductions
(attach federal Form 5884 and/or Form 8844, as appropriate)10. _____
- 11. Income not taxable under the Constitution of Maine or the U.S..... 11. _____
- 12. Dividends from certain affiliated corporations (limitations - see instructions).....12. _____
- 13. Alternative minimum tax net operating loss deduction carryover
(limitation - see instructions).....13. _____
- 14. Income from ownership interest in pass-through entity financial institutions
subject to Maine franchise tax (see instructions)14. _____
- 15. State income tax refunds.....15. _____
- 16. Bonus depreciation/section 179 expense recapture (see instructions)16. _____
- 17. Other (see instructions)17. _____
- 18. TOTAL SUBTRACTIONS (add lines 8 through 17)18. _____
- 19. ADJUSTMENT FOR MAINE INCOME MODIFICATIONS (line 7 minus line 18)
Enter here and on Form 1120ME, Schedule B, line 2 (may be a negative number)19. _____

Instructions for calculating Maine income Modifications for purposes of 2017 alternative minimum tax

Additions

Line 1. Income taxes imposed by Maine or any other state. Maine does not permit a deduction for income taxes imposed by Maine or any other state. Enter income taxes taken as a deduction on federal Form 1120 that are also deducted in calculating federal alternative minimum taxable income ("AMTI") on Form 4626, line 7. However, to the extent claimed federally, Maine does not require the addition of the Ohio Commercial Activity Tax, the Texas Franchise Tax, and the portions of the Michigan Business Tax that are not based on income.

Line 2. Interest from state and municipal bonds other than Maine. Enter the amount from Maine Form 1120ME, line 4c, less interest from private activity bonds already included in federal AMTI. This is interest from municipal and state bonds and private activity bonds, other than Maine, that are not included in your Federal AMTI. For example, enter interest from City of New York bonds on this line. However, do not enter interest from Portland, Maine bonds (see Figure 1 below).

Line 3. Net operating loss adjustment. Enter on this line the amount of Maine income addition modification that was previously offset by a federal alternative tax net operating loss ("NOL") deduction. For example, if a taxpayer's alternative tax net operating loss ("ATNOL") for 2016 (year of the loss) was \$1,000, all carried over to 2017, and the taxpayer had \$500 of Maine addition modifications in 2016, \$500 of the ATNOL deduction for 2017 must be added back. Also, enter on this line any amount included in federal ATNOL deduction relating to amounts carried back to this tax year. For example, if the taxpayer has an ATNOL of \$1,000 in 2016, the year of the loss, and that amount is carried back to the 2015 tax year, the \$1,000 must be added back on this line for 2015. The amount of the add-back can be recovered in future tax years. For more information on Maine's treatment of NOLs, go to www.maine.gov/revenue/forms (select Income Tax Guidance Documents).

Line 4. Maine capital investment credit bonus depreciation add-back. The Maine capital investment credit is available to businesses that place depreciable property in service in Maine during the taxable year beginning in 2017. Enter on this line the net increase in depreciation resulting from bonus depreciation claimed on the federal return relating to property for which the Maine Capital Investment credit is claimed.

Line 5. Bonus depreciation add-back. Enter on this line the amount from Form 1120ME, line 4f. For more information on this modification, see Form 1120ME, line 4f instructions and the MRS website at www.maine.gov/revenue/forms (select Income Tax Guidance Documents, and then select Maine Income Modifications Related to Bonus Depreciation and Section 179 Expense).

Line 6. Other. Include on this line the following items:

- Ownership interest in a pass-through entity financial institution. Enter any loss or deduction included in federal AMTI attributable to an ownership interest in a pass-through entity financial institution.
- Domestic production activities deduction add-back. Federal taxable income must be increased by the amount claimed as a domestic production activities deduction. Enter the amount from federal Form 1120, line 25.
- Maine fishery infrastructure investment tax credit add-back. The amount claimed as a deduction in determining federal alternative minimum taxable income that is used to calculate the Maine fishery infrastructure investment tax credit.
- Credit for wellness programs add-back. Enter the amount claimed as a deduction in determining the federal alternative minimum taxable income that is included in the credit for wellness programs.

Subtractions

Line 8. Nontaxable interest. To the extent included in federal AMTI and net of related expenses, enter interest on U.S. bonds, U.S. Treasury notes, or other obligations of the U.S. government which, by law, are exempt from state taxes, but taxable by the federal government. Also include interest from bonds issued by the State of Maine or Maine municipalities if included in federal AMTI. Include on this line interest from Maine private activity bonds included in alternative minimum taxable income. Taxpayers may subtract from federal AMTI interest income and capital gains from the sale of bonds issued by the Maine Waste Management Agency to the extent included in federal AMTI on Form 4626, line 7 (see Figure 1 below).

Figure 1

Interest type/action	Maine	Non-Maine
Private activity bonds	deduct*	no adjustment
State & Municipal bonds	deduct*	add**

*If included in federal AMTI **If not included in federal AMTI

Line 9. Foreign dividend gross-up. Enter the amount from federal Form 1120, Schedule C, line 15.

Line 10. Work opportunity credit/empowerment zone credit deductions. Enter on this line an amount equal to your federal Work Opportunity Credit salaries and wages deduction and/or federal Empowerment Zone Credit salaries and wages deduction (from Maine Form 1120ME, line 2c) to the extent allowed against federal AMT.

Line 11. Income not taxable under the Constitution of Maine or the U.S. Enter income this state is prohibited from taxing under the Constitution or laws of the United States or the Constitution of the State of Maine, to the extent included in federal AMTI. The amount entered on this line must be

Instructions for calculating Maine income Modifications for purposes of 2017 alternative minimum tax, cont.

decreased by any expenses incurred in the production of that income to the extent that these expenses are deductible in determining federal AMTI. Attach a worksheet detailing the amount claimed on this line.

Line 12. Dividends from certain affiliated corporations.

Enter 50% of the apportionable dividend income the taxpayer received during the taxable year from an affiliated corporation that is not included with the taxpayer in a Maine combined report. Dividends must be included on Form 4626, line 7. In order to be affiliated, a corporation must be more than 50% owned. Although this may include domestic entities, most affiliated corporations not included in a combined report are foreign entities.

Line 13. Alternative minimum tax net operating loss deduction carryover.

If you have an Alternative Minimum Tax (AMT) net operating loss for tax years ending in 2001 or later that was carried back for federal purposes, but added back to Maine AMT income under §§ 5200-A(1)(H) or 5200-A(1)(M), you are allowed a deduction on this line equal to the amount of the income addition required for Maine income tax purposes. The deduction must be within the allowable NOL carryforward period plus the number of years the carryforward was denied under §§ 5200-A(2)(H)(5) or 5200-A(2)(L)(5). The deduction cannot reduce Maine AMT taxable income to less than zero and must not have been previously used as a modification.

If you have an AMT net operating loss carryforward that was limited under § 5200-A(1)(U) for the tax year beginning in 2008 or denied under § 5200-A(1)(V) for tax years beginning in 2009 through 2011, you are allowed a deduction on this line equal to the amount of the AMT income addition required for Maine income tax purposes. The deduction must be within the allowable NOL carryforward period plus the number of years the carryforward was limited or denied under §§ 5200-A(1)(U) or 5200-A(1)(V) and 5200-A(2)(T). The deduction cannot reduce Maine AMT taxable income to less than zero and must not have been previously used as a modification.

For more information and examples, go to www.maine.gov/revenue/incomeestate and select Guidance Documents.

Line 14. Income from ownership interest in pass-through entity financial institutions subject to Maine franchise tax.

Financial institutions are subject to Maine's franchise tax, regardless of organizational structure. If federal AMTI includes income from ownership of a financial institution that is a pass-through entity (such as a partnership, S corporation, or an entity disregarded as separate from its owner), enter the amount on this line. Attach federal Schedule K-1 reporting this amount.

Line 15. State income tax refunds. Enter the amount of state income tax refunds from Form 1120ME, line 2h and

included in federal AMTI provided the amount has already been taxed by Maine. This modification may not reduce Maine AMTI to less than zero, and the amount refunded from this state or another state must not have been previously used as a modification. Any unused portion of the modification may be carried forward 20 years.

Line 16. Bonus depreciation/section 179 expense recapture.

The recapture amount claimed in any year is based on the addition modification for which the recapture relates. The recapture amount for minimum tax is the same as the recapture amount as calculated for regular tax on Form 1120ME, line 2i. For more information, go to the MRS web site at www.maine.gov/revenue/forms (select Income tax Guidance Documents and then select Maine Income Modifications Related to Bonus Depreciation and Section 179 Expense).

Line 17. Other. Include on this line the following items:

- Northern Maine Transmission Corporation adjustment. Income, including gain from sale of bonds, notes or other evidences of indebtedness and any other income or money of the Northern Maine Transmission Corporation are exempt from state income tax (see 10 M.R.S. § 9205). Enter only if included in federal AMTI.
- Gain on sale of multifamily affordable housing. This modification equals the total of capital gains and ordinary income resulting from depreciation recapture pursuant to Code sections 1245 and 1250 realized on the sale of multifamily affordable housing property. Enter amount included in federal AMTI. Qualified property must be certified by the Maine State Housing Authority ("MSHA"). A copy of the MSHA certificate must be attached to the return.
- Discharge of indebtedness. Enter on this line income recognized at the federal level through the deferral of income from the discharge of indebtedness claimed as a Maine income addition modification in 2009 or 2010. Generally, the recognition of this income is deferred until 2014 for federal tax purposes. In no event may the aggregate amount claimed on this line exceed the total addition modifications claimed for 2009 and 2010 under 36 M.R.S. § 5200-A(1)(W) related to the deferral under the Code section 108(i).
- Seed Capital Investment Tax Credit. Enter on this line, to the extent included in federal AMT taxable income, the refundable portion of the seed capital investment tax credit under § 5216-B received by, or from, a private venture capital fund.