



# Maine Capital Investment Credit Worksheet for Tax Year 2020

36 M.R.S. § 5219-NN

Attach copy of Federal Form 4562.

Taxpayer Name: \_\_\_\_\_ EIN/SSN: \_\_\_\_\_

**Note:** In the case of pass-through entities (such as partnerships, LLCs, S corporations, and trusts) making eligible investments, the partners, members, shareholders, beneficiaries, or other owners are allowed a credit in proportion to their respective interests in these entities. Enter name and ID number of the pass-through entity on the lines below. Also enter your ownership percentage in the pass-through entity for the tax year.

| Name of Pass-through Entity | EIN   | Ownership Percentage |
|-----------------------------|-------|----------------------|
| _____                       | _____ | _____ %              |

1. Enter on this line the amount of Maine Capital Investment Credit bonus depreciation add-back from Form 1040ME, Schedule 1A, line 5; Form 1041ME, Schedule 1, line 1f; or Form 1120ME, line 3h..... 1. \_\_\_\_\_
2. Current year credit. Multiply line 1 by 1.2% (.012) ..... 2. \_\_\_\_\_  
Owners of pass-through entities: see the instructions on page 2 for the correct amount to enter on this line.
3. Enter the amount of unused credit from previous years ..... 3. \_\_\_\_\_
4. Total available credit (line 2 plus line 3). Enter this amount on Form 1040ME, Schedule A, line 15; Form 1041ME, Schedule A, line 8; or Form 1120ME, Schedule C, line 1f ..... 4. \_\_\_\_\_

**The credit may not reduce your tax liability to less than zero.  
Unused credit amounts may be carried forward for up to 20 years.**

Recapture provisions apply. See instructions.

## 2020 Maine Capital Investment Credit General Instructions

This credit is available to businesses that invest in certain depreciable property placed in service in Maine during a tax year beginning on or after January 1, 2020 and that claim special depreciation under IRC § 168(k), commonly known as bonus depreciation, on that property. Income tax filers (including owners of pass-through entities) are eligible to claim this credit in addition to the associated income addition modification and the related depreciation recapture subtraction modification in future years over the life of the asset. See instructions for Form 1040ME, Schedule 1A, lines 4, 5, and Schedule 1S, line 9; Form 1041ME, Schedule 1, lines 1e, 1f, and 2d; or Form 1120ME, lines 2i, 3h, and 3i.

The credit is equal to a percentage of the net increase in the depreciation attributable to the depreciation deduction claimed by the taxpayer under IRC § 168(k) for property placed in service in Maine during the taxable year and reported as an addition to income. For tax year 2020, the credit is equal to **1.2%** of the net increase in the depreciation claimed. The credit is limited to the tax liability of the taxpayer, but any unused portion may be carried forward for up to 20 years. The credit is subject to full recapture. This credit may not be claimed by the following businesses:

- Public utilities (defined under 35-A M.R.S. § 102);
- Persons providing radio paging services (defined under 35-A M.R.S. § 102);
- Persons providing mobile telecommunications services (defined under 35-A M.R.S. § 102);
- Cable television companies (defined under 30-A M.R.S. § 2001);
- Persons providing satellite-based direct television broadcast services; and
- Persons providing multichannel, multipoint television distribution services.

Also, the credit may not be claimed with respect to property transferred out-of-state or otherwise removed from use in Maine during the taxable year. In addition, the credit may not be claimed by a nonresident owner of a pass-through entity who is participating in a composite return. For more information on composite filing, see Maine Revenue Services Rule 805 at [www.maine.gov/revenue/publications/rules](http://www.maine.gov/revenue/publications/rules).

### Special Instructions for Pass-through Entities

**Line 1.** In the case of pass-through entities (such as partnerships, LLCs, S corporations, and trusts), the partners, members, shareholders, beneficiaries, or other owners are allowed a credit on their ownership share of the bonus depreciation generated by the pass-through entity that is eligible for the credit.

**Line 2.** If the pass-through entity's tax year begins in 2019, the credit rate is 7% for each individual owner of the entity for eligible property placed in service during the taxable year of the entity, regardless of whether the property was placed in service during calendar year 2019 or calendar year 2020. The bonus depreciation addition modification related to the property may not be recaptured in future tax years.

If the pass-through entity's tax year begins in 2020, The credit rate is 1.2% and the bonus depreciation addition modification related to the property may be recaptured in future tax years over the remaining life of the asset.

## Recapture Instructions

The amount of credit claimed on your Maine income tax return is subject to recapture if the related property was transferred out-of-state or otherwise removed from service in a subsequent tax year, but within 12 months of being placed in service in Maine. To recapture the credit, you must file an amended return for the tax year you claimed the credit. For example, if you claimed the credit on your 2017 Maine income tax return and the entire credit is subject to recapture, you must amend your 2017 Maine income tax return to recapture the credit. If you carried an unused portion of the credit to 2018 or 2019, you must also amend the 2018 and 2019 income tax returns to remove the recaptured credit carryforward amount.

To recapture a credit and make other adjustments related to bonus depreciation, follow the instructions below. For more information on the Maine treatment of bonus depreciation, see the Maine guidance document entitled "Modifications Related to Bonus Depreciation & Section 179 Expensing" at [www.maine.gov/revenue/taxes/income-estate-tax/guidance-documents](http://www.maine.gov/revenue/taxes/income-estate-tax/guidance-documents).

**NOTE** that unless otherwise stated, line references in the following instructions are to the 2020 forms; line references to prior year forms may differ.

## 2020 Maine Capital Investment Credit Recapture Instructions - Continued

**If you filed an individual income tax return – tax years beginning in 2011 - 2020.** If you claimed the Maine capital investment credit on a Maine income tax return for 2011 - 2020 and the credit is subject to recapture, follow these instructions:

- **Step 1.** File an amended return for the tax year you claimed the credit. Make the following adjustments on the amended return:
  - remove from Form 1040ME, Schedule 1A, line 5 the bonus depreciation addition modification amount associated with the property subject to the credit recapture;
  - recalculate the addition modification amount for Form 1040ME, Schedule 1A, line 4 to include in the calculation depreciation amounts associated with the property subject to the credit recapture;
  - recalculate the Maine capital investment credit for the taxable year, excluding from the calculation the bonus depreciation amount associated with the property subject to the credit recapture. If all property forming the basis of the original credit is subject to the credit recapture, the amended credit for the taxable year is zero. Enter the recalculated credit on Form 1040ME, Schedule A, line 15. The reduction in the credit amount represents the amount of the credit recaptured.
- **Step 2.** If necessary, file amended returns for tax years subsequent to the year you are amending under Step 1 in order to:
  - for tax years 2011 through 2019, increase the subtraction modification amount on Form 1040ME, Schedule 1, line 2h to reflect the increased modification on the amended return - Form 1040ME, Schedule 1, line 1d - filed under step 1 (line references are to the 2019 forms; line references to prior year forms may differ);
  - reduce Form 1040ME, Schedule A, line 15 to remove any Maine capital investment credit amount carried forward to the tax year associated with the credit recaptured on the amended return filed under Step 1.

**If you filed a fiduciary income tax return – tax years beginning in 2011 - 2020.** If you claimed the Maine capital investment credit on a return for 2011- 2020 and the credit is subject to recapture, follow these instructions:

- **Step 1.** File an amended return for the tax year you claimed the credit. Make the following adjustments on the amended return:
  - remove from Form 1041ME, Schedule 1, line 1f the bonus depreciation addition modification amount associated with the property subject to the credit recapture;
  - recalculate the addition modification amount for Form 1041ME, Schedule 1, line 1e to include in the calculation depreciation amounts associated with the property subject to the credit recapture;
  - recalculate the Maine capital investment credit for the taxable year, excluding from the calculation the bonus depreciation amount associated with the property subject to the credit recapture. If all property forming the basis of the original credit is subject to the credit recapture, the amended credit for the taxable year is zero. Enter the recalculated amount on the amended return. The reduction in the credit amount represents the amount of the credit recaptured.
- **Step 2.** If necessary, file amended returns for tax years subsequent to the year you are amending under Step 1 in order to:
  - for tax years 2011 through 2019, increase the subtraction modification amount on Form 1041ME, Schedule 1, line 2e to reflect the increased modification on the amended return - Form 1041ME, Schedule 1, line 1e - filed under step 1 (line references are to the 2019 forms; line references to prior year forms may differ);
  - reduce Form 1041ME, Schedule A, line 8 to remove any Maine capital investment credit amount carried forward to the tax year associated with the credit recaptured on the amended return filed under Step 1.

## 2020 Maine Capital Investment Credit Recapture Instructions - Continued

**If you filed a corporate income tax return – tax years beginning in 2011 - 2020.** If you claimed the Maine capital investment credit on a return for 2011- 2020 and the credit is subject to recapture, follow these instructions:

- **Step 1.** File an amended return, Form 1120ME, for the tax year you claimed the credit. Make the following adjustments on the amended return:
  - remove, for purposes of Form 1120ME, line 3h, the bonus depreciation addition modification amount associated with the property subject to the credit recapture;
  - recalculate the addition modification amount, for purposes of Form 1120ME, line 3i, to include in the calculation depreciation amounts associated with the property subject to the credit recapture;
  - recalculate the Maine capital investment credit for the taxable year, excluding from the calculation the bonus depreciation amount associated with the property subject to the credit recapture. If all property forming the basis of the original credit is subject to the credit recapture, the amended credit for the taxable year is zero. Enter the recalculated credit on Form 1120ME, Schedule C, line 1f (Form 1120X-ME, Schedule C, line 29f for tax years 2011 through 2015). The reduction in the credit amount represents the amount of the credit recaptured.
  
- **Step 2.** If necessary, file amended returns for tax years subsequent to the year you are amending under Step 1 in order to:
  - for tax years 2011 through 2019, increase the subtraction modification amount on Form 1120ME, line 2i to reflect the increased modification on the amended return - Form 1120ME, line 4g - filed under step 1 (line references are to the 2019 forms; line references to prior year forms may differ);
  - reduce Form 1120ME, Schedule C, line 1f to remove any Maine capital investment credit amount carried forward to the tax year associated with the credit recaptured on the amended return filed under Step 1.