

**Maine Revenue Services  
Fiduciary Income Tax  
(for resident and nonresident estates and trusts)**

**IMPORTANT UPDATE**

**NOTE:** The instructions you are looking for begin on the next page.

**Tax Year 2018:** Note the following changes relative to conformity/nonconformity with federal tax law changes made after December 31, 2019. Follow the form instructions for each item listed below to properly file or amend your Maine return.

Excess Business Losses for Noncorporate taxpayers – Nonconformity:

- REVISED 2018 Additional Worksheet to Report Certain “Other” Modifications to Maine Income Related to Federal Tax Law Changes Enacted after December 31, 2019, line 2.

Qualified Improvement Property (QIP) – Conformity:

- Form 1041ME, Schedule 1, line 1e – federal bonus depreciation add-back, if applicable.
- REVISED 2018 Additional Worksheet to Report Certain “Other” Modifications to Maine Income Related to Federal Tax Law Changes Enacted after December 31, 2019, line 3.

# FORM 1041ME - GENERAL INSTRUCTIONS

## WHO MUST FILE

The fiduciary or trustee of a resident or nonresident estate or trust, including a trust with unrelated business income reported on federal Form 990-T, must file Form 1041ME if the estate or trust has any:

- Maine tax additions (see Maine Schedule A, Section 1);
- Maine taxable income; or
- Gross income greater than \$10,000 for the taxable year.

Gross income equals the amount on federal Form 1041, line 9 or federal Form 990-T, line 32. The Maine-source income of a nonresident estate or trust is determined on Form 1041ME, Schedule NR. A resident estate or trust with nonresident or "safe harbor" resident beneficiaries must also complete Form 1041ME, Schedule NR. See the instructions for Schedule NR. *See page 2 of the Maine individual income tax booklet for a description of nonresident and "Safe Harbor" resident filing status.*

**NOTE:** Grantor Trusts and all Charitable Remainder Trusts are not required to file a Maine return.

## FEDERAL RETURN REQUIRED

- **A completed copy of federal Form 1041 must accompany the Maine nonresident return.**
- **If the federal income (federal Form 1041, line 9) is greater than \$150,000, you must include the entire federal Form 1041 with Form 1041ME. For other returns that have a capital gain or loss, attach pages 1 and 2 and Schedule D of the federal return.**

## DEFINITION OF RESIDENT AND NONRESIDENT ESTATE OR TRUST

Domicile of the decedent, grantor or settlor determines residency. Situs of the trust instrument, the property held in trust, the location of the trustees, the adoption of the laws of any state in the governing instrument are irrelevant for the purpose of determining residency.

A resident estate is the estate of a decedent who, at death, was domiciled in Maine. A resident testamentary trust is a trust which is created by the last will and testament of a decedent who, at death, was domiciled in Maine. Any estate or testamentary trust created by the will of a decedent who was not domiciled in the State of Maine at death shall be considered a nonresident estate or nonresident testamentary trust.

A resident irrevocable inter vivos trust is a trust which was created by or consisted of property of a person domiciled in Maine at the time it was funded. An irrevocable inter vivos trust will be classified as a nonresident trust if the creator of the trust is not domiciled in Maine when funded.

If the settlor of a revocable inter vivos trust is domiciled in Maine when the trust is created, the trust is considered a resident inter vivos trust until the settlor becomes domiciled in another state. A nonresident revocable inter vivos trust will become a resident trust if and when the creator of the trust becomes domiciled in Maine.

## QUALIFIED FUNERAL TRUST (QFT)

If you meet the criteria of a qualified funeral trust at the federal level, you can file using the same status for Maine purposes. Check the box for "Qualified Funeral Trust" on page 1 of Form 1041ME and enter the required federal QFT taxpayer identification number (EIN) in the space provided (in the upper right corner of the return). For a Maine composite return, attach a schedule listing for each beneficiary: Maine taxable income, Maine income tax, name, social security number and whether or not the beneficiary is a resident of Maine. Since each beneficiary is considered a separate trust, Maine income tax must be calculated separately for each beneficiary. The total tax for all beneficiaries is then entered on line 4 of Form 1041ME.

## BANKRUPTCY

For bankruptcy estates (chapter 7 or 11), use Form 1041ME as a transmittal for Form 1040ME. In the top margin of Form 1040ME, write "Attachment to Form 1041ME. DO NOT DETACH." Complete the name, address, and identification information at the top of Form 1041ME. Then complete Form 1040ME through line 23. Enter the amount from Form 1040ME, line 23 on line 4 of Form 1041ME, then follow the instructions for completing lines 5 - 10 on Form 1041ME.

## WHEN TO FILE

The due date is April 17, 2019. For fiscal year filers, the due date is the 15th day of the fourth month following the close of the taxable year.

## EXTENSIONS

A State of Maine extension request form is not required. If you are unable to file your return by the original due date of the return, Maine allows an automatic extension equal to any federal extension or 6 months, whichever is the longer period of time. **Caution: An extension to file your Maine return is not an extension for payment of tax.** If you owe money, you must pay at least 90% of that amount by the original due date for filing your return in order to avoid the penalty for late payment of tax. Any remaining tax must be paid when the return is filed by the extended due date in order to avoid the failure-to-pay penalty. Interest is charged on any tax paid after the original due date of the return.

Remit your extension payment with the payment voucher by the original due date for filing your Maine return to: Maine Revenue Services, P.O. Box 9101, Augusta, ME 04332-9101.

## INTEREST AND PENALTIES

Interest will be added each month on overdue tax until the entire tax amount is paid. For calendar year 2019, the interest rate is 6% per year, compounded monthly. In addition to interest, a penalty is assessed for late filing. A separate penalty is assessed for the late payment of tax. The penalty for late filing is \$25 or 10% of the tax due, whichever is greater. If a tax return is not filed upon demand, the penalty is the greater of \$25 or 25% of the tax due. The penalty for late payment of the tax is 1% per month up to a maximum of 25%. Both penalties are assessed when the return is filed late and the tax is paid late. The law also provides for penalties for the underpayment of estimated tax, for preparing or filing a fraudulent income tax return, and for the understatement of income.

## WHOLE DOLLAR AMOUNTS

Show money items as whole dollar amounts. Round down to the next lower dollar any amount less than 50 cents. Round up to the next higher dollar any amount 50 cents or more.

## ACCOUNTING PERIODS AND METHODS

The accounting period and the method of accounting used are the same as those used for federal tax purposes (for more information, see instructions for federal Form 1041). If the taxable year or method of accounting is changed for federal income tax purposes, the change also applies to the Maine return.

## REPORT OF CHANGE IN MAINE TAXABLE INCOME

If the amount of the federal taxable income is changed or corrected by the Internal Revenue Service, or if the Maine tax liability changes for any other reason, the fiduciary must report the changes on an amended Maine return within 180 days after the final determination of the change. Any fiduciary filing an amended federal income tax return must also file an amended Maine return within 180 days.

Failure to comply with these requirements could result in failure-to-file and failure-to-pay penalties. To file an amended return, use Form 1041ME for the year(s) you are amending and check the “amended return” box at the top of the form. **Attach a statement explaining the applicable changes and a copy of your federal amended return or Internal Revenue agent’s report to the Maine amended return.**

**PAYMENT OF ESTIMATED TAX**

Estates and trusts subject to Maine income tax are required to make installment payments of estimated tax if the estimated tax liability is \$1,000 or more or an unusual event has occurred. Generally, payments must be made in four equal installments due April 15, June 15, September 15, and January 15. Payments can be made electronically using Maine EZ Pay (no forms required) at [www.maine.gov/revenue](http://www.maine.gov/revenue) or download Form 1041ES-ME (and the instructions for Form 1040ES-ME) at [www.maine.gov/revenue/forms](http://www.maine.gov/revenue/forms) or call (207) 624-7894 to order the forms.

**Note: Maine’s estate/trust estimated tax filing requirements differ from federal requirements in that Maine Form 1041ME estimate payments must be made after the first year filing. 36 M.R.S. § 5228.**

**THIRD PARTY DESIGNEE**

Check the “Yes” box on page 2 of Form 1041ME to allow Maine Revenue Services to call or accept information from another person to discuss the return. Also enter the person’s name, phone number, and any 5-digit number the person chooses as their personal identification number (PIN). The information provided will be used to ensure MRS employees speak with only the individual you have designated if there are any questions or if additional information is needed to process the return.

**SIGNATURE**

Any person who prepares a taxpayer’s return for compensation must also sign and enter his or her social security number or PTIN as assigned by the IRS. If the return is prepared by a firm or corporation, the federal identification number of the firm must also be listed.

**TAXPAYER ASSISTANCE and FORMS**

Visit [www.maine.gov/revenue](http://www.maine.gov/revenue) to learn the status of your refund, obtain the latest tax updates, view frequently asked questions (FAQs), pay your tax or email tax-related questions.

**To download or request forms or other information:** Visit [www.maine.gov/revenue/forms](http://www.maine.gov/revenue/forms) or call (207) 624-7894 - Every day 24 Hours.

**For assistance with your tax questions:** (207) 626-8480 - Weekdays 8:00 a.m.- 5:00 p.m. or send an email to [estate.tax@maine.gov](mailto:estate.tax@maine.gov) or write to Maine Revenue Services, PO Box 1060, Augusta, ME 04332-1060.

**TTY (hearing-impaired only):** 711 Weekdays 8:00 a.m.- 4:30 p.m.

**Collection problems and payment plans:** (207) 621-4300 - Weekdays 8:00 a.m.- 5:00 p.m. Call this number if you have a tax balance due currently being collected by Maine Revenue Services that you would like to resolve.

**Tax violations hot line:** (207) 624-9600 - Call this number or send an email to [MRS.TAXTIP.tax@maine.gov](mailto:MRS.TAXTIP.tax@maine.gov) to report possible tax violations including failure to file tax returns, failure to report all income and failure to register for tax filing.

**SPECIFIC INSTRUCTIONS**

**(Please show negative income amounts on your form by placing a minus sign in the box to the left of the amount.)**

*Nonresident estates and trusts and resident estates and trusts with nonresident or “safe harbor” resident beneficiaries, see the instructions for Schedule NR).*

**Line 1. Federal Taxable Income - resident estates and trusts only.** Enter the amount of taxable income shown on federal Form 1041, the amount of unrelated business taxable income from federal Form 990-T and the taxable income of the S corporation portion of Electing Small Business Trusts (ESBT), if applicable.

supporting W-2 and 1099 forms. Send only Forms 1099 with State of Maine income tax withheld shown on them, unless otherwise required to send as supporting documentation for another schedule or worksheet. Legible photocopies of your W-2 forms and 1099 forms on 8 1/2 by 11 inch paper are preferred.

**Line 2. Fiduciary Adjustment - resident estates and trusts only.** The fiduciary adjustment is determined on Form 1041ME, Schedule 1 and allocated in accordance with Form 1041ME, Schedule 2 on page 3 of Form 1041ME. If any of the income adjustments apply, complete these schedules before proceeding with page 1 of Form 1041ME. Detailed instructions for the schedules follow.

**Line 7b. 2018 Estimated Tax Payments, 2017 Overpayment Carried Forward and Extension Payments.** Enter the total amount of estimated taxes actually paid for tax year 2018 and any 2017 credit carried forward. See general instructions above for further explanation of estimated payments. Also enter any extension payment made for this return.

**Line 4. Maine Income Tax.** Compute the tax on the amount shown on line 3 by using the following table:

The Real Estate Withholding (REW) payments made on behalf of a Trust on the sale of Maine property where the gain or loss is distributed among beneficiaries must be split among the beneficiaries based on each beneficiary’s portion of the Distributable Net Income. Each beneficiary must file a Maine individual income tax return and apply their portion of the REW payment against their individual income tax liability on the Maine return.

TAX TABLE	
If the taxable income is:	The tax is:
Less than \$21,450	5.8% of Maine taxable income
\$21,450 but less than \$50,750	\$1,244 plus 6.75% of excess over \$21,450
\$50,750 or more	\$3,222 plus 7.15% of excess over \$50,750

This tax rate schedule is effective for tax years beginning in 2018.

**Nonresident estates or trusts** enter on this line amounts withheld in 2018 on the sale of real estate in Maine. Enclose a copy of Form REW-1 or Form 1099ME to support your entry.

**Line 7a. Maine Income Tax Withheld.** Enter the total amount of Maine income tax withheld. Enclose **(do not staple or tape)**

**Line 8. Tax Balance Due.** Any balance of tax liability should be paid in full with the return. Remit your payment using Maine EZ Pay at [www.maine.gov/revenue](http://www.maine.gov/revenue) or mail a check payable to Treasurer, State of Maine with the return. Please write the federal estate or trust name, address and phone number on the check.

If the amount owed (line 6 minus line 7a) is \$1,000 or more, complete Form 2210ME and attach it to the return. If Form 2210ME shows a penalty amount due, enter it on line 8b and submit payment for the entire balance.

**Line 10a. Amount of Line 9 You Want Credited.** Use this block only if electing to have all or a portion of the overpayment on line 9 credited to next year's estimated tax.

**Amount of refund directly deposited to a checking account.** You may have the refund directly deposited into a checking account if it is \$20,000 or less. To comply with banking rules, check the box to the left of line 10d if the refund is going to an account outside the United States. If the box is checked, we will mail a paper check.

**Line 10c.** Enter the 9-digit routing transit number (RTN). The RTN must begin with 01 through 12 or 21 through 32. If it does not, the direct deposit will be rejected and a refund check will be sent instead. **ENTRIES MUST BE ACCURATE.** If unsure what the RTN is, contact the financial institution.

**Line 10d.** Enter the checking account number. The checking account number can be up to 17 digits long (both numbers and letters). Omit hyphens, spaces and special symbols.

**NOTICE - MARCH 2021**

See the revised instructions for:

- Form 1041ME, Schedule 1, lines 1e, 1f, and 2g on pages 3 and 4;
- Form 1041ME, Schedule A, line 8 available at [www.maine.gov/revenue/tax-return-forms](http://www.maine.gov/revenue/tax-return-forms); and
- The REVISED 2019 Additional Worksheet to Report Certain "Other" Modifications to Maine Income Related to Federal Tax Law Changes Enacted After December 31, 2019 available at [www.maine.gov/revenue/tax-return-forms](http://www.maine.gov/revenue/tax-return-forms).

**SCHEDULE 1 – FIDUCIARY ADJUSTMENT** (Enter combined amounts for both the beneficiaries and the estate or trust).

For more information on Maine additions to and subtractions from federal taxable income, visit [www.maine.gov/revenue](http://www.maine.gov/revenue).

**Line 1. ADDITIONS to federal taxable income.** Also include the taxpayer's distributive share of addition modification items from trusts, partnerships, S Corporations, and other pass-through entities.

**Line 1a.** Enter income from municipal and state bonds, other than Maine, that is not included in federal taxable income. For example, enter bond interest from the City of New York but not Portland, Maine.

**Line 1b.** Enter any amount of federal net operating loss carry forward that has been previously used to offset Maine addition modifications. For more information and examples, go to [www.maine.gov/revenue/forms](http://www.maine.gov/revenue/forms) (select *Income Tax Guidance Documents*).

**Line 1c.** Enter 2018 Maine Public Employees Retirement System contributions ("MainePERS"). These contributions are tax deferred for federal tax, but are subject to Maine income tax.

**Line 1d.** Enter the amount of qualified business income deducted in calculating federal taxable income pursuant to Internal Revenue Code, Section 199A.

**Lines 1e and 1f. BONUS DEPRECIATION ADD-BACK.** Lines 1e and 1f relate to Maine's decoupling from the federal special depreciation deduction through IRC § 168(k), commonly known as bonus depreciation. To calculate the amount to enter on these lines, complete a pro forma federal Form 4562 as if no bonus depreciation was claimed on the property placed in service in tax year 2018. The total addition modification is the difference between the federal depreciation claimed on Form 4562 and the depreciation calculated on the pro forma Form 4562. If any of the property placed in service in tax year 2018 is located in Maine and the Maine capital investment credit is claimed, the total addition modification must be divided between lines 1e and 1f. Otherwise, the entire addition must be entered on line 1e. Enclose copies of the original and pro forma federal Forms 4562, along with the add-back calculation, with the return.

**NOTE:** Include on line 1e any accelerated depreciation related to qualified improvement property (QIP) used to reduce federal

taxable income under the federal Coronavirus Aid, Relief, and Economic Security (CARES) Act.

For more information, go to [www.maine.gov/revenue/forms](http://www.maine.gov/revenue/forms) (select *Income Tax Guidance Documents*). Also, refer to the instructions for line 2e below.

**Line 1e. BONUS DEPRECIATION ADD-BACK:** Enter on this line the total bonus depreciation add-back calculated above less the amount of Maine capital investment credit add-back from line 1f. Amounts entered on this line are eligible for the recapture subtraction modification on line 2e in future years.

**Line 1f. MAINE CAPITAL INVESTMENT CREDIT BONUS DEPRECIATION ADD-BACK:** The Maine capital investment credit is available to businesses that place depreciable property, except for QIP, in service in Maine during the taxable year beginning in 2018. Enter on this line the portion of the bonus depreciation add-back calculated above relating to property for which the Maine capital investment credit is claimed, based on original basis of property placed in service in tax year 2018. For example, if you purchased \$400,000 of eligible property and \$100,000 of that property is located in Maine and included in the credit base, the portion of the add-back to include on this line is \$100,000/\$400,000 or 25% of the total bonus depreciation add-back calculated above.

Property that is transferred out-of state or disposed of within 12 months after being placed in service in Maine is not eligible for the Maine capital investment credit. Amounts claimed on this line are not eligible for the recapture subtraction modification on line 2e.

**Line 1g. Other.** See the Worksheet for Form 1040ME, Schedule 1, Line 1g at [www.maine.gov/revenue/forms/](http://www.maine.gov/revenue/forms/) that lists the addition modifications required to be entered on this line. Also enter on this line • income taxes imposed by Maine or other states and interest or expenses incurred in the production of income exempt from Maine taxation deducted in arriving at federal taxable income • the administrative expense deduction claimed for federal fiduciary income tax purposes that is also used to determine the taxable estate in calculating the Maine estate tax • the estate's/trust's share of the fiduciary adjustment of another estate/trust – **additions only** (36



M.R.S. §§ 5122(3) and 5164) • to the extent not included in federal total income, enter the net amount of deferred foreign income not distributed to beneficiary(ies) (generally this is federal Form 965, line 3 minus line 17). *List the source of each amount claimed in the space provided. Attach supporting documentation when claiming an amount on this line.* Also see the REVISED 2018 *Additional Worksheet to Report Certain "Other" Modifications to Maine Income Related to Federal Tax Law Changes Enacted After December 31, 2019.*

**Line 2. SUBTRACTIONS from federal taxable income.** Also include the taxpayer's distributive share of subtraction modification items from trusts, partnerships and S Corporations where applicable.

**Line 2a.** If included in federal taxable income, enter **income from direct obligations of the United States Government**, such as Series EE and Series HH Savings bonds and U.S. Treasury bills and notes.

**Line 2b.** If included in federal taxable income, enter **social security benefits** issued by the U.S. Government and **railroad retirement benefits (tier 1 and tier 2)** issued by the U.S. Railroad Retirement Board. Unemployment and sick benefits issued by the Railroad Retirement Board are not taxable to Maine. However, benefits issued by the Canadian Railroad Retirement Board are taxable to Maine.

**Line 2c.** If included in federal taxable income, enter **interest from Maine municipal general obligation and private activity bonds and bonds issued by a Maine airport authority.** You must include supporting documentation if greater than \$25,000.

**Line 2d.** Use this line only if the person retired after 1988 and received retirement benefits from the **Maine Public Employees Retirement System ("MainePERS")** in 2018. To calculate the amount for this line, subtract the amount in box 14 from the amount in box 2a on Form 1099-R issued by MainePERS. Also enter on this line MainePERS rollover amounts previously taxed by the state, whether or not included in federal taxable income. Rollover amounts may be subtracted fully or in part during the tax year of the rollover. Any amount not subtracted in the tax year of the rollover may be subtracted within the two years immediately following the year of the rollover. However, the total amount subtracted over the three-year period may not exceed the pick-up contributions previously taxed by Maine.

**Line 2e. Bonus depreciation / section 179 expense recapture.** Amounts required to be added to income under 36 M.R.S. §§ 5122(1)(N), 5122(1)(AA), 5122(1)(FF)(2), 5122(1)(HH)(2), 5122(1)(II)(2), 5122(1)(KK)(2), or for individual owners of certain electing S corporations, §§ 5200-A(1)(N), 5200-A(1)(T), 5200-A(1)(Y)(2), 5200-A(1)(AA)(2), 5200-A(1)(BB)(2), or 5200-A(1)(CC)(2) may be recaptured over the life of the applicable asset. For more information and examples, visit [www.maine.gov/revenue/forms](http://www.maine.gov/revenue/forms) (select *Income Tax Guidance Documents*).

**Line 2f.** Enter the amount of **medical marijuana business expenses** related to carrying on a trade or business as a registered caregiver or a registered dispensary that would otherwise be allowable for Maine tax purposes to the extent the expenses were disallowed to be deducted for federal tax purposes under Internal Revenue Code, Section 280E.

**Line 2g. Net operating loss 80% income limitation.** If you claimed an NOL deduction in accordance with Section 2303 of the federal CARES Act on your 2018 federal income tax return (original or amended), enter zero on this line.

**Line 2h. Other Subtractions.** See the Worksheet for Form 1040ME, Schedule 1, Line 2k at [www.maine.gov/revenue/forms/](http://www.maine.gov/revenue/forms/) that lists the subtraction income modifications that may be entered on this line. Enter **ONLY** items specifically listed. Attach supporting documentation when claiming an amount on this line. Also enter the estate's/trust's share of a fiduciary adjustment – **subtractions only** (36 M.R.S. §§ 5122(3) and 5164) • expenses incurred in the production of income subject to Maine tax, but exempt from federal tax (an example is expenses related to the production of non-Maine municipal bond interest).

**Line 3. Net Fiduciary Adjustment.** The shares of the beneficiaries and of the estate/trust in the Maine fiduciary adjustment are in proportion to their respective shares of federal distributable net income of the estate or trust. **Resident estates and trusts:** Multiply line 3 by the percentage on Schedule 2, Column 3, line f. Enter the result on page 1 of Form 1041ME, line 2. **Nonresident estates and trusts:** Multiply line 3 by Schedule 2, Column 3, line f. Enter the result on Form 1041ME, Schedule NR, line 7, Column A.

### Form 1041ME Modernized e-File (MeF)

Maine Revenue Services now offers MeF (electronic filing) for the filing of fiduciary income tax returns.

The MeF platform is web-based and utilizes a modern, scalable architecture that enables real-time processing. Vendor submissions are received by the IRS, processed, and made available to the states continuously on a submission-by-submission basis.

## SCHEDULE 2 – ALLOCATION OF FEDERAL INCOME AND MAINE-SOURCE INCOME

The purpose of this schedule is to show the distribution of federal distributable net income (DNI) and Maine-source income of nonresident and “safe harbor” resident beneficiaries. *See page 2 of the Maine individual income tax booklet for a description of nonresident and “Safe Harbor” resident statuses.* **ALL estates/trusts must complete Schedule 2.**

**Column 1.** Enter the name of each beneficiary of the estate or trust, including nonresident and “safe harbor” resident beneficiaries. Enter the estate/trust name on line f. If there are more than 5 beneficiaries, use a separate sheet of paper.

**Column 2.** Enter the respective shares of federal distributable net income of each beneficiary and of the estate/trust on the appropriate lines.

**Column 3.** Determine the percentage share for each beneficiary and for the estate/trust based on the amounts in column 2.

**Columns 4 and 5.** Enter the state of domicile and the social security number/EIN of each beneficiary of the estate or trust, including nonresident and “safe harbor” resident beneficiaries.

**Column 6. Nonresident estates or trusts** enter on line g, column 6, the amount from Schedule NR, line 4, column B. For lines a through e, allocate line g to the nonresident and “safe harbor” resident beneficiaries in proportion to their respective shares of federal distributable net income. The income, as allocated, has the same character as it does for federal income tax purposes.

**Resident estates or trusts with nonresident and “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. Follow the instructions for completing Schedule NR. Attach a copy of the pro forma Schedule NR to the Maine income tax return for the estate or trust. Do not complete column 6 for resident beneficiaries (except “Safe Harbor” resident beneficiaries).

If the estate or trust has no federal distributable net income, the share of each beneficiary in the Maine-source income is in proportion to the beneficiary’s share of the estate or trust income for the taxable year, including that which is required by local law of the governing instrument to be distributed in such year. Any balance of the Maine-source income not allocable to beneficiaries shall be allocated to the estate or trust. If the shares in the Maine-source income are allocated in accordance with this paragraph, show the allocation in a schedule attached to the return.

## SCHEDULE 3 – CREDIT FOR INCOME TAX PAID TO ANOTHER JURISDICTION

Resident estates and trusts may claim a credit against Maine income tax for income tax paid to another jurisdiction if all the following conditions are met:

- (1) The other jurisdiction is another state, a political subdivision thereof, the District of Columbia, Canadian Province or any political subdivision of a foreign country that is like a state of the United States.
- (2) The tax paid to the other jurisdiction is directly related to the income received during the tax year covered by this return. Tax payments made to other taxing jurisdictions for prior year tax liabilities cannot be considered when computing this credit.

- (3) The income taxed by the other jurisdiction is derived from sources in that jurisdiction determined in the same manner as Maine-source income is determined for nonresidents of Maine under 36 M.R.S. § 5142.

Line 4b is the income tax assessed by the other jurisdiction minus any tax credits (except withholding and estimated tax payments).

Complete a separate Schedule 3 for each jurisdiction to which taxes are paid and for which a credit is being claimed. Enclose a copy of each Schedule 3 completed. Add the credits together and enter the total on Schedule A, line 5. **Attach a copy of the income tax return filed with the other jurisdiction.**