



**REVISED 2019 Additional Worksheet to Report Certain "Other" Modifications  
to Maine Income Related to Federal Tax Law Changes Enacted After  
December 31, 2019**

Form 1041ME, Schedule 1, Line 1h  
Form 1041ME, Schedule 1, Line 2g

Use this worksheet to report "Other" income modifications for Form 1041ME, Schedule 1, line 1h (addition modifications) and line 2g (subtraction modifications), related to federal tax law changes enacted after December 31, 2019.

Include the taxpayer's distributive share of each item from partnerships, S corporations and other pass-through entities.

See pages 2 and 3 for a description of each item listed below.

|   |                  |
|---|------------------|
| Name of Estate or Trust as shown on Form 1041ME | Estate/Trust EIN |
|   |                  |

**A. Other Addition Income Modifications - see instructions.**

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|--|--|-----|
| 1. If applicable, enter the "Total Other Additions" from line 3 of the Worksheet for Form 1040ME, Schedule 1, Line 1h, Income Modifications - Other Additions.....1. |  | .00 |
| 2. Excess business losses for noncorporate taxpayers .....2.   |  | .00 |
| 3. Business interest deduction exceeding 30% of federal adjusted taxable income .....3.  |  | .00 |
| 4. Depreciation on qualified improvement property (QIP). (Also see line 9 below).....4.  |  |     |
| 5. Discharge of indebtedness on Payroll Protection Program loans .....5.   |  |     |
| 6. Employer student loan payments .....6.  |  |     |
| 7. <b>Total Other Addition Modifications.</b> Add lines 1 through 3. Enter here and on Form 1041ME, Schedule 1, Line 1h.....7.                                       |  | .00 |

Do not enter an amount on lines 4, 5, and 6. Maine now conforms to the federal depreciation on QIP, discharge of indebtedness on PPP loans, and employer student loan payments. See instructions.

**B. Other Subtraction Income Modifications**

- |   |  |  |
|---|--|--|
| 8. If applicable, enter the "Total Other Subtractions" from line 17 of the Worksheet for Form 1040ME, Schedule 1, Line 2k, Income Modifications - Other Subtractions on <b>Form 1041ME, Schedule 1, Line 2g</b> .....8. |  |  |
| 9. Depreciation on qualified improvement property (QIP). (Also see line 4 above).....9.   |  |  |
| 10. Paid Sick Leave Credit and Paid Family Leave Credit deduction .....10.  |  |  |
| 11. Reduction in federal salaries and wages deduction due to claiming the Employee Retention Credit .....11.  |  |  |
| 12. <b>Total Other Subtraction Modifications.</b> .....12.  |  |  |

Do not enter an amount on lines 8, 9, 10, 11, and 12. Maine now conforms to the federal depreciation on QIP, and the reduction in the federal salaries and wages expense deduction directly related to claiming the Paid Sick Leave Credit, the Paid Family Leave Credit, and the Employee Retention Credit. See instructions.

**Note that you may be asked to provide additional documentation before your return is processed.**

# REVISED 2019 Additional Worksheet to Report Certain “Other” Modifications to Maine Income Related to Federal Tax Law Changes Enacted After December 31, 2019

Income and deductions are generally treated the same for Maine income tax purposes as treated for federal income tax purposes. However, certain federal and state laws may require different tax treatment of some items. These differences require adjustments, or modifications, to federal income to calculate Maine taxable income. See Form 1041ME, Schedule 1. This worksheet provides additional Maine modifications required for the 2019 tax year due to Maine nonconformity with federal tax law changes enacted after December 31, 2019.

## Income Modifications - Other Additions, Form 1041ME, Schedule 1, Line 1h

Addition modifications are required for items of income that are not included in federal income but are subject to Maine individual income tax or to reverse a federal deduction not allowed for Maine tax purposes. See also Form 1041ME, Schedule 1, Lines 1a through 1i. See descriptions below for each item.

**Note that the modifications listed below affect only taxpayers whose taxable year began during 2019.**

**Line 1. “Total Other Additions” - Addition Modifications From the Worksheet for Schedule 1, Line 1h.** If applicable, enter the “Total Other Additions” from line 3 of the Worksheet for Form 1040ME, Schedule 1, Line 1h, Income Modifications - Other Additions.

**Lines 2 through 6 - Other Addition Modifications Resulting from Federal Tax Law Changes Enacted After December 31, 2019. Enter only amounts not included in Line 1 or otherwise previously reported on Maine Form 1041ME, Schedule 1. NOTE, EFFECTIVE MARCH 2021, LINES 4, 5, AND 6 ARE REVERSED DUE TO CONFORMITY WITH THE FEDERAL INTERNAL REVENUE CODE AS AMENDED THROUGH DECEMBER 31, 2020.**

**Line 2. Excess business losses for noncorporate taxpayers.** Under the federal Coronavirus Aid, Relief, and Economic Security (CARES) Act, the effective date for the limitation on noncorporate excess business losses was deferred to tax years beginning after December 31, 2020. For Maine income tax purposes, an adjustment must be made to reverse the effect of noncorporate excess business losses used to reduce federal taxable income. To calculate the amount to enter on this line, complete a pro forma federal Form 461. Enter on this line the amount from your pro forma federal Form 461, Line 16. The amount of excess business loss disallowed for Maine tax purposes may be carried forward to subsequent tax years to the extent the carryforward amount has not been previously used to offset Maine taxable income. See Line 1 of the 2019 *Worksheet for Form 1040ME, Schedule 1, line 2k Income Modifications - Other Subtractions*, and related instructions.

**Line 3. Business interest deduction exceeding 30% of federal adjusted taxable income.** The federal CARES Act increases the allowable business interest deduction from 30% to 50% of federal adjusted taxable income. For Maine income tax purposes, business interest greater than 30% of federal adjusted taxable income may not be used to reduce Maine taxable income. To calculate this amount, complete a pro forma federal Form 8990 using the 30% business interest deduction limitation. Enter on Line 3 the difference between the allowable interest deduction using the 50% limitation on federal Form 8990, Line 26 and the interest deduction calculated using the 30% limitation on the pro forma federal Form 8990, Line 26. **Note:** Do not complete this line if the federal business interest expense deduction does not exceed 30% of federal adjusted taxable income.

**Line 4. Depreciation on qualified improvement property (QIP) - addition modification.** The federal CARES Act changed the depreciation allowable for QIP for federal tax purposes from 39-year class life to 15-year class life (20-year class life for the Alternative Depreciation System) and allows first-year 100% bonus depreciation. Previously, due to nonconformity, the increase in federal depreciation was required to be added back to Maine taxable income. However, **Maine now conforms to the federal depreciation of qualified improvement property (QIP).** As a result, you must file an amended return to reverse the effect of any amounts previously entered on this line. Also see Form 1041ME, Schedule 1, line 1e and line 2d relative to bonus depreciation for QIP. Note that QIP does not qualify for the Maine Capital Investment Tax Credit for tax year 2019. Revised March 2021.

**Line 5. Discharge of indebtedness on Payroll Protection Program loans.** Previously, due to nonconformity and to the extent not otherwise excludable under Internal Revenue Code, Section 108, the amount of covered loan forgiveness excluded from federal taxable income pursuant to section 1106 of the CARES Act, was required to be added back to Maine taxable income. **Maine now conforms to the federal treatment of discharge of indebtedness on Payroll Protection Program loans and Economic Injury Disaster Loans**, as enacted under section 1106 of the federal CARES Act and section 276 of the federal Consolidated Appropriations Act, 2021. As a result, you must file an amended return to reverse the effect of any amounts previously entered on this line. Revised March 2021.

**Line 6. Employer student loan payments.** The federal CARES Act excluded from federal taxable income, payments made after March 27, 2020, by the taxpayer’s employer, whether paid to the taxpayer or to a lender of principal or interest on any qualified education loan (as defined in section 221(d)(1) of the Code) incurred by the taxpayer for the taxpayer’s education. **Maine now conforms to the federal tax treatment for these employer student loan payments.** As a result, you must file an amended return to reverse the effect of any amounts previously entered on this line. Revised March 2021.

**Line 7. Total Other Addition Modifications.** Add lines 1 through 3. Enter the sum here and on Form 1040ME, Schedule 1, Line 1h. Revised March 2021.

## Income Modifications - Other Subtractions, Form 1041ME, Schedule 1, Line 2g

Subtraction modifications are required for items of income that are included in federal income but are not subject to Maine individual income tax or to provide for a deduction allowed for Maine tax purposes. See Form 1041ME, Schedule 1, Lines 2a through 2h. See descriptions below for each item.

**Line 8. "Total Other Subtractions" - Subtraction Modifications From the Worksheet for Schedule 1, Line 2k.** If applicable, enter the "Total Other Subtractions" from line 17 of the Worksheet for Form 1040ME, Schedule 1, Line 2k, Income Modifications - Other Subtractions on Form 1041ME, Schedule 1, Line 2g. Revised March 2021.

**Lines 9 through 11. Other Subtraction Modifications Resulting from Federal Tax Law Changes Enacted After December 31, 2019. Enter only amounts not included in Line 8 or otherwise previously reported on Form 1041ME, Schedule 1.** NOTE, EFFECTIVE MARCH 2021, LINES 9 THROUGH 11 ARE REVERSED DUE TO CONFORMITY WITH THE FEDERAL INTERNAL REVENUE CODE AS AMENDED THROUGH DECEMBER 31, 2020.

**Line 9. Depreciation on qualified improvement property (QIP) - subtraction modification.** As described in the instructions for line 4 above, **Maine now conforms to the federal depreciation of qualified improvement property (QIP).** As a result, you must file an amended return(s) to reverse the effect of any amounts previously entered on this line and the 2018 *Additional Worksheet to Report Certain "Other" Modifications to Maine Income Related to Federal Tax Law Changes Enacted After December 31, 2019*, line 3. Also see Form 1041ME, Schedule 1, line 1e and line 2d relative to bonus depreciation for QIP. Note that QIP does not qualify for the Maine Capital Investment Tax Credit for tax year 2019. Revised March 2021.

**Line 10. Paid Sick Leave Credit and Paid Family Leave Credit deduction.** Previously, due to nonconformity, this line was used to reduce Maine taxable income by the amount of the reduction in federal salaries and wages expense deduction directly related to amounts claimed for the federal Paid Sick Leave and Paid Family Leave payroll tax credits under the federal Families First Coronavirus Response Act (FFCRA). **Maine now conforms to the reduction in federal salaries and wages expense deduction relative these credits.** As a result, you must file an amended return(s) to reverse the effect of any amounts previously entered on this line. Revised March 2021.

**Line 11. Reduction in the federal salaries and wages deduction due to claiming the Employee Retention Credit.** Previously, due to nonconformity, this line was used to reduce Maine taxable income by the amount of the reduction in federal salaries and wages expense deduction directly related to amounts claimed for the federal Employee Retention Credit. **Maine now conforms to the reduction in federal salaries and wages expense deduction relative to claiming this credit.** As a result, you must file an amended return(s) to reverse the effect of any amounts previously entered on this line. Revised March 2021.

**Note that you may be asked to provide additional documentation before your return is processed.**