

SCHEDULE NRH INSTRUCTIONS

Enclose Schedule NRH and Worksheet A (and Worksheet C, if used) with your Maine return, Form 1040ME. Include a COMPLETE copy of your federal tax return, including all schedules and worksheets. Enclose W-2 forms from other states and temporary duty (TDY) papers to support your entry in Box C.

STEP 1. If required, complete Worksheet A available at www.maine.gov/revenue/forms before completing Schedule NRH.

STEP 2. Complete column A. List Your Joint Income As Reported On Your Joint Federal Return.

Lines 1a through 1f — Total Income. Enter income of both spouses as reported on your joint federal return. Include all income listed on the federal return except taxable refunds, line 10 of federal Form 1040.

Line 5 — Income Modifications/Pension Income Deduction. Complete lines 5a through 5c if you have Maine income modifications. See the instructions for Form 1040ME, Schedule 1 and the Worksheet for Pension Income Deduction for details explaining these modifications. Do not include taxable refunds of state and local income tax.

Line 8 — Deductions. If you itemized deductions on your joint federal return, complete Form 1040ME, Schedule 2 and, if line 6, column A is more than \$140,000, the related Worksheet for Standard / Itemized Deductions (for Form 1040ME, line 17) available at www.maine.gov/revenue/forms to calculate the amount of your joint Maine itemized deductions. Enter the result in column A.

If you claimed the standard deduction on your joint federal return, leave line 8, column A blank. Additional instructions for the standard deduction are included in step 3, line 8 below.

Line 9 — Exemptions. Multiply the number of dependent exemptions claimed on your federal return by your allowable federal exemption amount (see federal Form 1040, line 42). Exclude the exemptions for you and your spouse. Enter the result on line 9a in column A. Note that your dependent exemptions may be limited. See the additional instructions for personal exemptions included in step 3 below.

STEP 3. Complete column B. List Your Income.

Lines 1a through 1f. Enter only your income in column B. Attribute earned income to the spouse who earned it. Unless it is attributable to one spouse, divide unearned income (interest, dividends, capital gains, etc.) equally between you and your spouse.

Line 3 — Federal Income Adjustments. Enter your share of the adjustments shown on your federal Form 1040, line 36 or federal Form 1040A, line 20.

Line 5 — Income Modifications. Enter your share of the income modifications listed in column A.

Line 8 — Deductions. If you itemized deductions, calculate your share by multiplying the amount on line 8, column A, by the percentage listed on line 7, column B. If your share of the itemized deductions is less than the Maine standard deduction for single, use the Maine standard deduction for single.

If you use the standard deduction on your joint federal return, use the Maine “single” standard deduction. The Maine standard deduction for a single individual is \$11,600. If you are age 65 or over **or** blind, increase the standard deduction amount by \$1,550. If age 65 or over **and** blind, increase it by \$3,100.

Caution: Your standard or itemized deduction may be limited. If the amount on line 6, column B is more than \$70,000, you must complete the Worksheet for Standard / Itemized Deductions (for Form 1040ME, line 17) available at www.maine.gov/revenue/forms to calculate the reduced deduction amount. **Enter your deduction amount (itemized or standard, whichever is greater) on line 8, column B.**

Line 9 — Exemptions. You are entitled to claim your own personal exemption plus a portion of the dependent exemptions claimed on your joint federal return. Generally, the allowable 2017 federal exemption amount is \$4,050 **except** that if your income on Schedule NRH, line 4, column B is more than \$261,500, you **must** complete the Deduction for Exemptions Worksheet for Form 1040ME, Schedule NRH located at www.maine.gov/revenue/forms to calculate the amount to enter on lines 9a and 9b. If Schedule NRH, line 4, column B is not more than \$261,500: Line 9a - multiply the number of dependents included on federal Form 1040, line 6c by \$4,050. Line 9b - enter \$4,050.

Tax Credits. See Form 1040ME, Schedule A for tax credits. Personal credits on Form 1040ME, Schedule A, lines 1, 2, 3, 4, 8, 9, 10, 11, and 13 are limited to the Maine residency period or prorated based on the ratio of Maine-source income to total income using the applicable worksheets available at www.maine.gov/revenue/forms. You may claim 100% of your ownership share of the business credits on Maine Schedule A, lines 5, 6, 12 and 14 through 20.

STEP 4. Complete Form 1040ME. Complete Form 1040ME lines 1-21, 30 and 30a using the amounts listed in column B, Schedule NRH.

Filing Status: Check Single.

Number of Exemptions: Enter total number of exemptions claimed on your joint federal return **less** the exemption for your spouse.

Lines 14, 15, 16, 17, 18: Enter amounts from column B of Schedule NRH. Follow the instructions on Schedule NRH.

Line 20: Use the tax amount from the Single column in the tax table available at www.maine.gov/revenue or compute your tax based on the tax rate schedule available at www.maine.gov/revenue for your taxable income as listed on line 19.

Line 30: Use Tax. Enter zero unless you are filing as a resident and have a use tax liability.

STEP 5. Complete column C. List in column C the Non-Maine-Source portion of the income listed in column B. If you are filing as a Maine resident, do not complete column C. For an overall description of Maine-source and non-Maine-source income, see Maine Revenue Services Rule 806 available at www.maine.gov/revenue (select *Laws and Rules*). For line 5, prorate the pension deduction (Form 1040ME, Schedule 1, line 2d based on the percentage of qualified pension income received as a nonresident or “Safe Harbor” resident. **Do not include your spouse's income in this column.** Supply W-2 forms from other states or temporary duty (TDY) papers to support entries in column C.

STEP 6. Compute your Nonresident Credit. If you are filing as a Maine resident, do not complete lines 10 and 11.

Line 10. Maine Income Tax. Enter the Maine income tax from Form 1040ME, line 20.

Line 11. Nonresident Credit. Find your nonresident credit by multiplying the amount on line 10 by line 7, column C. Enter the result here and on Form 1040ME, line 23. This is your nonresident credit.

STEP 7. Complete Form 1040ME. Calculate your balance due or refund by completing the remaining lines on Form 1040ME. Follow the instructions for Form 1040ME.