



MAINE ESTATE TAX RETURN
FORM 706ME



FOR ESTATES OF DECEDENTS DYING DURING CALENDAR YEAR 2011

This return is due nine months after the date of death. [ ] Check here if this is an amended return

STEP 1

Estate of: First Name M.I. Last Name

Social Security Number (SSN) Date of Death (MM-DD-YYYY)

Domicile at Date of Death: Street Address

City/Town State ZIP Code County

Name of Personal Representative (First Name, M.I., Last Name)

Personal Representative's SSN Telephone Number Fax Number

Personal Representative's Mailing Address

City/Town State ZIP Code Email address (optional)

Authorization is granted to the representative listed below (estate representative) to receive copies of confidential tax information under 36 MRSA § 191 and to act as the estate's representative before Maine Revenue Services.

Firm Name

STEP 2

Estate representative - First Name M.I. Last Name

Mailing Address

City/Town State ZIP Code Telephone Number

Email address (optional) Fax Number

STEP 3 Decedent's Maine Residency Status (check one) [ ] Resident [ ] Nonresident

STEP 4 - TAX COMPUTATION NOTE: The personal representative must file Form 706ME if the sum of lines 1 and 3 below exceed \$1,000,000 or if there is an amount reportable on line 7 or 9.

Federal Total Gross Estate Taxable by Maine

- 1. Federal total gross estate (2009 pro forma federal Form 706, Part 2, line 1) ..... 1. .00
2. Value of federal total gross estate taxable by Maine (see instructions) ..... 2. .00

Taxable Gifts

- 3. Federal adjusted taxable gifts (2009 pro forma federal Form 706, Part 2, line 4) .. 3. .00
4. Value of gifts included in line 3 made within one year of date of death ..... 4. .00
5. Value of gifts included in line 4 taxable by Maine (see instructions)..... 5. .00
6. Modified federal adjusted taxable gifts (line 3 minus line 4) ..... 6. .00

Marital Adjustments

- 7. Gross value of Maine elective property (see instructions) ..... 7. .00
8. Value of property included in line 7 taxable by Maine (see instructions) ..... 8. .00
9. Maine qualified terminable interest property. Must not exceed \$4,000,000 for 2011 (see instructions) ..... 9. .00

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Decedent SSN: \_\_\_\_\_



\*1110001\*

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### Maine Taxable Estate

- 10. Modified Maine taxable property (add lines 2, 5 and 8) .....10. \_\_\_\_\_ .00
- 11. Maine gross estate (add lines 1, 4 and 7) ..... 11. \_\_\_\_\_ .00
- 12. Federal tentative taxable estate  
(2009 pro forma federal Form 706, Part 2, line 3a) ..... 12. \_\_\_\_\_ .00
- 13. Maine tentative taxable estate (line 4 plus line 12) ..... 13. \_\_\_\_\_ .00
- 14. Maine taxable estate (line 13 plus line 7 minus line 9) ..... 14. \_\_\_\_\_ .00

### Maine Estate Tax

- 15. Gross tax (from Worksheet A, page 4, line 8) ..... 15. \_\_\_\_\_ .00
- 16. Percentage of property taxable by Maine (line 10 divided by line 11; round to  
6 decimal points) ..... 16. \_\_\_\_\_
- 17. Maine estate tax (line 15 multiplied by line 16) ..... 17. \_\_\_\_\_ .00
- 18. Maine resident estates: Credit for taxes paid to another jurisdiction on certain  
intangible property (from Worksheet D, line 7) ..... 18. \_\_\_\_\_ .00
- 19. Net tax (line 17 minus line 18) ..... 19. \_\_\_\_\_ .00

### Amount Due or Refund

- 20. Payments: Estimated payments, extension payments, amount paid with  
original return (amended returns only) ..... 20. \_\_\_\_\_ .00
- 21. Interest and penalty amounts (see instructions) ..... 21. \_\_\_\_\_ .00
- 22. Amount due (line 19 minus line 20 plus line 21) ..... 22. \_\_\_\_\_ .00
- 23. Refund due (line 20 minus lines 19 and 21) ..... 23. \_\_\_\_\_ .00

### STEP 5

#### Filing Order

- 1. Form 706ME
- 2. Discharge of Estate Tax Lien
- 3. Federal Form 706 (2009 pro forma)
- 4. Schedules for federal Form 706
- 5. Death Certificate
- 6. Decedent's 2010 federal income tax return, including all forms and schedules.
- 7. Other supporting documents (see instructions)

Marital Status of Decedent:  Married with surviving spouse } Spouse's SSN: \_\_\_\_\_  
 Widow / Widower  
 Single / Divorced

Under penalties of perjury, I declare that I have examined this return and accompanying schedules and statements, including the pro forma federal return if required, and to the best of my knowledge and belief they are true, correct and complete. Declaration of preparer is based on all information of which preparer has any knowledge.

Signature of personal representative \_\_\_\_\_ Date \_\_\_\_\_

Signature of preparer other than personal representative \_\_\_\_\_ Preparer's SSN or PTIN \_\_\_\_\_ Date \_\_\_\_\_

Firm's name (or yours if self-employed) \_\_\_\_\_ Preparer's address \_\_\_\_\_ Preparer's phone number \_\_\_\_\_



If enclosing a check, make check payable to:  
**Treasurer, State of Maine**  
**and MAIL WITH RETURN TO:**  
 MAINE REVENUE SERVICES  
 P.O. BOX 1065  
 AUGUSTA, ME 04332-1065

If not enclosing a check,  
**MAIL RETURN TO:**  
 MAINE REVENUE SERVICES  
 P.O. BOX 1064  
 AUGUSTA, ME 04332-1064

Rev. 08/11

# INSTRUCTIONS FOR 2011 MAINE ESTATE TAX RETURN (36 MRSA §§ 4061 - 4079)

For FAQs and other estate tax information, see [www.maine.gov/revenue/incomeestate/estate](http://www.maine.gov/revenue/incomeestate/estate).

## New for 2011:

The dollar limit on Maine qualified terminable interest property ("QTIP") elections is increased for 2011 decedents. The 2011 limit is equal to \$4 million, the difference between the federal and state exclusion amounts. See 36 MRSA § 4062(1-A)(A).

Proceeds from the sale of Maine property by a nonresident decedent within six months of death are no longer sourced to Maine for 2011 and later decedents. See 36 MRSA § 4064.

The Maine estate tax for deaths occurring in 2011 must be determined in accordance with the law applicable to decedents dying during calendar year 2009. A pro forma 2009 federal Form 706 must be completed in order to complete Maine Form 706ME for a 2011 decedent. Line references to the federal form on Form 706ME and in the instructions refer to the pro forma 2009 federal Form 706.

Certificates of Discharge of Estate Tax Lien for real property and for tangible personal property may be submitted by email to Maine Revenue Services ("MRS") at: [estatetax@maine.gov](mailto:estatetax@maine.gov). The certificates may be formatted as either a pdf document or a Microsoft Word file. An emailed certificate is acceptable only if sent from one of the email addresses included on page one of the return (personal representative or estate representative). An emailed certificate must also contain all of the information included on the official form. While a certificate may be submitted by mail or email, Form 706ME must be sent by mail.

DO NOT STAPLE OR BIND RETURNS

**Step 1** Complete this section with information about the decedent and the personal representative. The personal representative, or executor, is the individual legally responsible for administration of the estate. If a personal representative has not been appointed, every person in possession of property of the decedent is considered a personal representative and must file a return or be listed on the single return that is filed for the estate. If the estate has more than one personal representative, fill in the information for one personal representative and attach a schedule listing all other personal representatives. A personal representative, including a nonresident, may have to file a Maine income tax return for any estate fees or other income earned in Maine. For more information, see Maine Rule 806 (Nonresident Individual Income Tax) and the instructions for Form 1040ME, Schedule NR at [www.maine.gov/revenue](http://www.maine.gov/revenue).

**Step 2** This step must be completed if you choose to have copies of confidential tax information sent to anyone other than the personal representative, such as the preparer of Form 706ME. If a paid preparer completed the return, that preparer must also sign the return on page 2. The person referred to in this section is the estate representative.

**Step 3** Check the appropriate box for the decedent's residency status. For additional information concerning residency status, see [www.maine.gov/revenue/incomeestate/guidance](http://www.maine.gov/revenue/incomeestate/guidance) and select "Guidance to Residency Status."

**Step 4 Tax Computation.** Complete this section based on the 2009 pro forma federal Form 706. A completed Form 706ME is required if: 1) the federal total gross estate (line 1) plus federal adjusted taxable gifts (line 3) is greater than \$1,000,000; 2) the estate has Maine elective property (line 7); or 3) the personal representative is making a Maine QTIP election for the estate (line 9). Otherwise, Form 706ME-EZ may be used to request a discharge of the automatic property lien provided under 36 MRSA § 4072.

## Line 2: Value of Federal Total Gross Estate taxable by Maine.

**Estate of resident:** Enter the amount from line 1 less the value of real and tangible personal property located outside of Maine on the date of death of the decedent.

**Estate of nonresident:** Enter the value, included in line 1, of real and tangible personal property located in Maine. This includes property owned by a pass-through entity, unless that property is acquired through a bona fide sale for full and adequate consideration, the ownership of the property in the entity is for a valid business purpose and the entity actively carries on a business for the purpose of profit and gain. See 36 MRSA § 4064.

**Line 4: Value of taxable gifts included in line 3 made within one year of date of death.** Enter the value of taxable gifts completed within the 365-day period ending on the date of death of the decedent.

**Line 5: Value of gifts included in line 4 taxable by Maine.** Attach copy of appropriate federal Form(s) 709.

**Estate of resident:** Enter the amount from line 4 less the value of real and tangible personal property located outside of Maine at the time of the gift.

**Estate of nonresident:** Enter the value, included in line 4, of real and tangible personal property located in Maine at the time of the gift. This includes property owned by a pass-through entity, unless that property is acquired through a bona fide sale for full and adequate consideration, the ownership of the property in the entity is for a valid business purpose and the entity actively carries on a business for the purpose of profit and gain. See 36 MRSA § 4064.

**Line 7: Gross value of Maine elective property.** If the decedent had a predeceased spouse who made a Maine QTIP election, this line must include the current value of that Maine QTIP, regardless of the location or type of property (tangible or intangible). This amount is called Maine elective property. All holdings that constitute Maine elective property, including cash, securities, real estate and tangible personal property, must be included on this line. The property must be valued on the date of death of the decedent, unless the alternate valuation date is used for all assets. See Rule 601 for more information.

## Line 8: Value of property included in line 7 taxable by Maine.

**Estate of resident:** Enter the amount from line 7 less the value of real and tangible personal property located outside of Maine on the date of death of the decedent.

**Estate of nonresident:** Enter the value, included in line 7, of all real and tangible personal property located in Maine. This includes real and tangible personal property in a trust, LLC or other pass-through entities. See 36 MRSA § 4064.

**Line 9: Maine qualified terminable interest property.** Maine allows a deduction for assets that are eligible for the QTIP election under IRC section 2056(b)(7), when a QTIP election is not made on that property for federal estate tax purposes. Entering an amount on this line constitutes a Maine QTIP election for eligible property. The maximum allowable Maine QTIP election is the difference between the decedent's federal exclusion amount and the Maine exclusion amount. For 2011, this maximum election is \$4,000,000. If the Maine QTIP is a portion of a trust or other property included in the federal taxable estate, the personal representative is considered to have made an election equal to a fraction of that trust or property. The numerator of the fraction is the amount of the Maine QTIP entered on this line and the denominator is the total value of the trust or property. Attach a description of the assets in the Maine QTIP. A Maine QTIP cannot contain items that are includible as taxable gifts on the federal return. The Maine QTIP election defers taxation of the transfer of that property to the death of the decedent's spouse (subsequent decedent spouse). The Maine estate tax return for the subsequent decedent spouse must include the remaining value of the Maine QTIP, which is referred to as Maine elective property. See Rule 601 for more information.

**Line 20: Payments.** Enter the total amount of Maine estimated and extension payments made for this estate. If this is an amended return, include on this line the amount of Maine estate tax paid with the original return.

**Line 21: Interest and penalties.** Interest and penalties may apply if the return is filed, or the tax is paid, after the due date. Contact the Maine Revenue Services, Income/Estate Tax Division at 207-626-8480 for specific information necessary to complete this line. The annual interest rate for 2011 is 7%, compounded monthly.

**Late filing and late payment penalties.** If a past due return is filed before the receipt, or within 60 days of the receipt, of a demand notice, the penalty for failure to file is the greater of \$25 or 10% of the amount of tax due. If the return is filed more than 60 days after the receipt of a demand notice, the failure-to-file penalty is the greater of \$25 or 25% of the amount of tax due. For failure to pay a tax liability, the penalty is 1% of the tax liability for each month the payment is delinquent, up to a maximum of 25%.

**Other penalties.** The law also provides penalties for substantial understatement of tax, negligence, fraud, willful understatement of liability by a preparer and for payment of tax by check that is returned for insufficient funds.

**Line 22: Amount due.** Enter the total amount due with this return. Make check payable to Treasurer, State of Maine and send to Maine Revenue Services, PO Box 1065, Augusta, Maine 04332-1065. Please write the decedent's name/social security number and "Form 706ME" on the check to ensure proper credit.

**Line 23: Refund due.** Enter the refund due. Allow 4-6 weeks to process the refund. Mail return to Maine Revenue Services, PO Box 1064, Augusta, Maine 04332-1064.

**Step 5.** File the Maine estate tax return with supporting documentation in the order listed. Other supporting documents include trust documents and appraisals to support the claims on the return. Proper documentation will allow Maine Revenue Services to process the return without having to contact the preparer for additional information.

**Extension.** Maine allows an automatic extension to file equal to any federal extension or 6 months, whichever is the longer period of time. An extension to file is not an extension to pay the tax. **An extension to pay the tax must be requested in writing.**

**Amended returns.** If an original return has already been filed, an amended Maine estate tax return must be filed within 180 days of receipt of property or entitlement to property, or a change by the Internal Revenue Service that increases the Maine estate tax liability.

**Final federal determination.** If a final federal determination has been made, the assessor can make a separate determination regarding an estate tax issue. For estates of deaths occurring on or after July 1, 2009, but before July 1, 2010, the assessor's determination must be made within the later of two years from the due date, or two years from the filing date, of the return. For estates of deaths occurring on or after July 1, 2010, the assessor's determination must be made within one year from the filing date of the return.

**Audit adjustments.** MRS is required to notify the IRS of any audit adjustments that affect the federal liability of the estate.

DO NOT STAPLE OR BIND RETURNS

## WORKSHEET A FOR CALCULATING LINE 15

1) Maine taxable estate (page 2, line 14).....	\$			5) Gross Federal Estate Tax* (2009 federal pro forma Form 706, Part 2, line 8 [calculated as if zero deduction on line 3b]) .....	\$	
2) Less .....	\$	60,000		6) Applicable Credit for 2011 .....	\$	345,800
3) Adjusted Maine taxable estate (line 1 minus line 2). If zero or less, enter zero .....	\$			7) Line 5 minus line 6 (if zero or less, enter zero) .....	\$	
4) Determine the amount to enter by using amount on line 3 and applying Table A below .....	\$			8) Gross Tax (line 4 or line 7, whichever is less). Also, enter on page 2, line 15.	\$	

\* **NOTE:** If the estate contains Maine QTIP or Maine elective property, calculate the amount for line 5 of the worksheet above by reducing the federal taxable estate plus prior taxable gifts (2009 pro forma federal Form 706, Part 2, line 5) by the amount of the Maine QTIP and increasing the federal taxable estate by the amount of Maine elective property. This tax amount is then reduced by gift tax paid/payable on 2009 pro forma federal Form 706, line 7.

<b>Table A</b>			(1)	(2)	(3)	(4)	
If worksheet, Line 3 is at least:			BUT	less than:	Subtract the following amount from worksheet, Line 3:	Multiply Result by:	Add and enter result on worksheet, Line 4:
	0			\$40,000	0	0	0
	\$40,000			90,000	\$40,000	0.8%	0
	90,000			140,000	90,000	1.6%	\$400
	140,000			240,000	140,000	2.4%	1,200
	240,000			440,000	240,000	3.2%	3,600
	440,000			640,000	440,000	4.0%	10,000
	640,000			840,000	640,000	4.8%	18,000
	840,000			1,040,000	840,000	5.6%	27,600
	1,040,000			1,540,000	1,040,000	6.4%	38,800
	1,540,000			2,040,000	1,540,000	7.2%	70,800
	2,040,000			2,540,000	2,040,000	8.0%	106,800
	2,540,000			3,040,000	2,540,000	8.8%	146,800
	3,040,000			3,540,000	3,040,000	9.6%	190,800
	3,540,000			4,040,000	3,540,000	10.4%	238,800
	4,040,000			5,040,000	4,040,000	11.2%	290,800
	5,040,000			6,040,000	5,040,000	12.0%	402,800
	6,040,000			7,040,000	6,040,000	12.8%	522,800
	7,040,000			8,040,000	7,040,000	13.6%	650,800
	8,040,000			9,040,000	8,040,000	14.4%	786,800
	9,040,000			10,040,000	9,040,000	15.2%	930,800
	10,040,000			-----	10,040,000	16.0%	1,082,800