



# Maine Capital Investment Credit Worksheet for Tax Year 2024

## 36 M.R.S. § 5219-NN

Enclose this worksheet and federal Form 4562 with Form 1040ME, Form 1041ME, or Form 1120ME.

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 entity on the lines below. Also enter your ownership percentage in the pass-through entity for the tax year. Attach a copy of the federal Schedule K-1 issued to you by the pass-through entity.

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, Schedule 1A, line 7. .... 1. \_\_\_\_\_
2. Current year credit. Multiply line 1 by 1.2% (.012) ..... 2. \_\_\_\_\_
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 9; or Form 1120ME, Schedule C, line 1e. .... 4. \_\_\_\_\_

**Note:** MRS may request additional information supporting the credit claimed before the return can be processed.

This credit is repealed for tax years beginning on or after January 1, 2025, except that any unused credit amounts may be carried forward for up to 20 taxable years.

Recapture provisions apply. See instructions.

## **2024 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 in 2024 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 10; Form 1041ME, Schedule 1, lines 1e, 1f, and 2c; or Form 1120ME, Schedule 1A, lines 7 and 8 and Schedule 1S, line 9.

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 2024, 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 within the 12-month period following the date it is placed in service in Maine. 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 [maine.gov/revenue/publications/rules](http://maine.gov/revenue/publications/rules).

This credit is repealed for tax years beginning on or after January 1, 2025. Except that any unused credit amounts may be carried forward up to 20 taxable years.

### **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.

### **Special instructions for corporations engaged in a unitary business**

A tax credit generated by a taxable corporation that is a member of an affiliated group engaged in a unitary business may be applied only against the Maine income tax liability of that member, and not against the Maine income tax liability of other members of the unitary business, unless otherwise specifically permitted by law. For additional information, see MRS Rule 810 at [maine.gov/revenue/publications/rules](http://maine.gov/revenue/publications/rules).

## **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 2021 Maine income tax return and the entire credit is subject to recapture, you must amend your 2021 Maine income tax return to recapture the credit. If necessary, you must also amend the income tax returns for subsequent tax years to remove any recaptured credit carryforward amount and make other adjustments related to bonus depreciation.

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 titled “Modifications Related to Bonus Depreciation & Section 179 Expensing” at [maine.gov/revenue/taxes/income-estate-tax/guidance-documents](http://maine.gov/revenue/taxes/income-estate-tax/guidance-documents).

## 2024 Maine Capital Investment Credit Recapture Instructions - Continued

**Note:** Unless otherwise stated, line references in the following instructions are to the 2024 forms; line references to prior year forms may differ.

**If you filed an individual income tax return – tax years beginning in 2011 through 2024.** If you claimed the Maine capital investment credit on a Maine income tax return for 2011 through 2024 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:
  - relative to property placed in service during tax years 2011 through 2019, increase the subtraction modification amount on Form 1040ME, Schedule 1S, line 10 to reflect the increased modification on the amended return - Form 1040ME, Schedule 1A, line 4 - filed under step 1;
  - 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 through 2024.** If you claimed the Maine capital investment credit on a return for 2011 through 2024 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 Form 1041ME, Schedule A, line 9. 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:
  - relative to property placed in service during tax years 2011 through 2019, increase the subtraction modification amount on Form 1041ME, Schedule 1, line 2c to reflect the increased modification on the amended return - Form 1041ME, Schedule 1, line 1e - filed under step 1;
  - reduce Form 1041ME, Schedule A, line 9 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.

## 2024 Maine Capital Investment Credit Recapture Instructions - Continued

**If you filed a corporate income tax return – tax years beginning in 2011 through 2024.** If you claimed the Maine capital investment credit on a return for 2011 through 2024 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, Schedule 1A, line 7, 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, Schedule 1A, line 8, 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 1e (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:
  - relative to property placed in service during tax years 2011 through 2019, increase the subtraction modification amount on Form 1120ME, Schedule 1S, line 9 to reflect the increased modification on the amended return - Form 1120ME, Schedule 1A, line 8 - filed under step 1;
  - reduce Form 1120ME, Schedule C, line 1e 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.