

CHAPTER 805**COMPUTATION OF TAXABLE INCOME OF RESIDENT INDIVIDUALS****§5121. Maine taxable income**

The Maine taxable income of a resident individual is equal to the individual's federal adjusted gross income with the modifications and less the deductions and personal exemptions provided in this chapter. [PL 2019, c. 379, Pt. C, §2 (AMD).]

SECTION HISTORY

P&SL 1969, c. 154, §F1 (NEW). PL 1987, c. 504, §8 (RPR). PL 1987, c. 819, §4 (RPR). PL 1989, c. 596, §J3 (RPR). PL 1995, c. 281, §26 (AMD). PL 2003, c. 390, §26 (AMD). PL 2019, c. 379, Pt. C, §2 (AMD).

§5122. Modifications

1. Additions. Federal adjusted gross income shall be increased by:

A. Interest or dividends on obligations or securities of any state other than this State, or of a political subdivision or authority of any state other than this State, to the extent that interest or those dividends are not included in the recipient's federal adjusted gross income; [PL 2003, c. 390, §27 (AMD).]

B. Interest or dividends on obligations of any authority, commission, instrumentality, territory or possession of the United States which by the laws of the United States are exempt from federal income tax but not from state income tax; [PL 1981, c. 706, §33 (AMD).]

C. [PL 1987, c. 504, §9 (RP).]

D. For income tax years beginning before January 1, 2002, the amount of any net operating loss in the taxable year that has been carried back to previous years pursuant to the Code, Section 172; [PL 2003, c. 390, §28 (AMD); PL 2003, c. 390, §53 (AFF).]

E. The amount of any deduction claimed for the taxable year under the United States Internal Revenue Code, Section 172 which has previously been used to offset the modifications provided by this subsection; [PL 1987, c. 739, §§44, 48 (AMD).]

F. [PL 2001, c. 583, §15 (RP).]

G. Pick-up contributions, as defined in Title 5, section 17001, subsection 28-A, paid by the taxpayer's employer on the taxpayer's behalf to the Maine Public Employees Retirement System; [PL 2011, c. 240, §30 (AMD).]

H. The absolute value of the amount of any net operating loss arising from tax years beginning on or after January 1, 1989, but before January 1, 1993, that arises from an S corporation with total assets for the year of at least \$1,000,000 and the absolute value of the amount of any net operating loss arising from tax years beginning on or after January 1, 2002 that, pursuant to the United States Internal Revenue Code, Section 172, are being carried back for federal income tax purposes to the taxable year by the taxpayer; [PL 2001, c. 559, Pt. J, §1 (AMD).]

I. [PL 1995, c. 641, §3 (RP); PL 1995, c. 641, §7 (AFF).]

J. [PL 2025, c. 113, Pt. C, §2 (RP).]

K. For income tax years beginning on or after January 1, 1997, all items of loss, deduction and other expense of a financial institution subject to the tax imposed by section 5206, to the extent that those items are passed through to the taxpayer for federal income tax purposes, including, if the

financial institution is an S corporation, the taxpayer's pro rata share and, if the financial institution is a partnership or limited liability company, the taxpayer's distributive share. An addition may not be made under this paragraph for any losses recognized on the disposition by a taxpayer of an ownership interest in a financial institution; [PL 2001, c. 559, Pt. GG, §9 (AMD); PL 2001, c. 559, Pt. GG, §26 (AFF).]

L. [PL 1999, c. 731, Pt. X, §3 (RP); PL 1999, c. 731, Pt. X, §§4, 5 (AFF).]

M. The absolute value of the amount of any net operating loss arising from a tax year beginning or ending in 2001 that the taxpayer, pursuant to Section 102 of the federal Job Creation and Worker Assistance Act of 2002, Public Law 107-147, carries back more than 2 years to the taxable year for federal income tax purposes; [PL 2001, c. 700, §3 (AMD).]

N. With respect to property placed in service during the taxable year, an amount equal to the net increase in depreciation or expensing attributable to:

(1) For taxable years beginning on or after January 1, 2002 but prior to January 1, 2006, a 30% bonus depreciation deduction claimed by the taxpayer pursuant to Section 101 of the federal Job Creation and Worker Assistance Act of 2002, Public Law 107-147 with respect to property placed in service during the taxable year;

(2) For taxable years beginning on or after January 1, 2002 but prior to January 1, 2006, a 50% bonus depreciation deduction claimed by the taxpayer pursuant to Section 201 of the federal Jobs and Growth Tax Relief Reconciliation Act of 2003, Public Law 108-27 with respect to property placed in service during the taxable year; and

(3) For taxable years beginning on or after January 1, 2003 but prior to January 1, 2011, the increase in aggregate cost under Section 179 of the Code arising from amendments to the Code applicable to tax years beginning on or after January 1, 2003; [PL 2011, c. 380, Pt. O, §1 (AMD).]

O. [PL 2009, c. 434, §64 (RP).]

P. [PL 2009, c. 434, §65 (RP).]

Q. [PL 2015, c. 388, Pt. A, §2 (RP); PL 2015, c. 388, Pt. A, §16 (AFF).]

R. [PL 2003, c. 451, Pt. KK, §1 (RP).]

S. [PL 2017, c. 170, Pt. E, §1 (RP).]

T. [PL 2003, c. 688, Pt. A, §41 (RP).]

U. [PL 2003, c. 688, Pt. A, §41 (RP).]

V. [PL 2017, c. 170, Pt. E, §2 (RP).]

W. [PL 2005, c. 519, Pt. NNN, §2 (RP); PL 2005, c. 519, Pt. NNN, §3 (AFF).]

X. [PL 2023, c. 360, Pt. B, §2 (RP).]

Y. Any amount of allowable deduction claimed for federal purposes in accordance with the election under Section 642(g) of the Code that is also used to determine the taxable estate for purposes of calculating the Maine estate tax under chapter 575 or 577; [PL 2013, c. 331, Pt. A, §4 (AMD); PL 2013, c. 331, Pt. A, §5 (AFF).]

Z. [PL 2023, c. 441, Pt. C, §3 (RP); PL 2023, c. 441, Pt. C, §11 (AFF).]

AA. For taxable years beginning on or after January 1, 2008 but before January 1, 2011, an amount equal to the net increase in depreciation attributable to the depreciation deduction claimed by the taxpayer under the Code, Section 168(k) arising from amendments to the Code applicable to taxable years beginning on or after January 1, 2008; [PL 2011, c. 380, Pt. O, §2 (AMD).]

BB. [PL 2023, c. 360, Pt. B, §3 (RP).]

CC. [PL 2023, c. 360, Pt. B, §4 (RP).]

DD. For any taxable year beginning in 2009, 2010 or 2011, an amount equal to the absolute value of any net operating loss carry-forward claimed for purposes of the federal income tax; [PL 2011, c. 380, Pt. O, §3 (AMD).]

EE. The amount claimed as a deduction in determining federal adjusted gross income that is included in the credit for wellness programs under section 5219-FF; [PL 2011, c. 644, §13 (AMD).]

FF. For taxable years beginning in 2011 and 2012:

(1) An amount equal to the depreciation deduction claimed by the taxpayer under the Code, Section 168(k) with respect to property placed in service in the State during the taxable year for which a credit is claimed under section 5219-GG; and

(2) An amount equal to the net increase in depreciation attributable to the depreciation deduction claimed by the taxpayer under the Code, Section 168(k) with respect to property for which a credit is not claimed under section 5219-GG; [PL 2013, c. 368, Pt. TT, §2 (AMD).]

GG. [PL 2019, c. 401, Pt. C, §5 (RP); PL 2019, c. 401, Pt. C, §16 (AFF).]

HH. For taxable years beginning in 2013:

(1) An amount equal to the net increase in depreciation attributable to the depreciation deduction claimed by the taxpayer under the Code, Section 168(k) with respect to property placed in service in the State during the taxable year for which a credit is claimed under section 5219-JJ for that taxable year; and

(2) An amount equal to the net increase in depreciation attributable to the depreciation deduction claimed by the taxpayer under the Code, Section 168(k) with respect to property for which a credit is not claimed under section 5219-JJ; [RR 2015, c. 1, §40 (COR).]

II. For taxable years beginning in 2014:

(1) An amount equal to the net increase in depreciation attributable to the depreciation deduction claimed by the taxpayer under the Code, Section 168(k) with respect to property placed in service in the State during the taxable year for which a credit is claimed under section 5219-MM for that taxable year; and

(2) An amount equal to the net increase in depreciation attributable to the depreciation deduction claimed by the taxpayer under the Code, Section 168(k) with respect to property for which a credit is not claimed under section 5219-MM; and [PL 2017, c. 170, Pt. D, §1 (AMD).]

JJ. [PL 2017, c. 170, Pt. D, §2 (RP).]

KK. For taxable years beginning on or after January 1, 2015:

(1) An amount equal to the net increase in depreciation attributable to the depreciation deduction claimed by the taxpayer under the Code, Section 168(k) with respect to property placed in service in the State during the taxable year for which a credit is claimed under section 5219-NN for that taxable year; and

(2) An amount equal to the net increase in depreciation attributable to the depreciation deduction claimed by the taxpayer under the Code, Section 168(k) with respect to property for which a credit is not claimed under section 5219-NN. [PL 2015, c. 388, Pt. A, §5 (NEW).]

KK. [PL 2017, c. 211, Pt. D, §1 (RP).]

LL. [PL 2021, c. 1, Pt. H, §1 (RP); PL 2021, c. 1, Pt. H, §5 (AFF).]

MM. For each taxable year beginning after December 31, 2017 and before January 1, 2021, an amount equal to the taxpayer's excess business loss for the taxable year determined under the Code, Section 461(l), reduced by any amount of the loss included in Maine taxable income for a prior tax year pursuant to paragraph H. Notwithstanding the application dates contained in the Code, Section 461(l)(1)(B), Section 461(l)(1)(B) applies to the calculation for the taxable year. [PL 2021, c. 1, Pt. D, §1 (NEW).]

NN. For taxable years beginning on or after January 1, 2019 and before January 1, 2021, the amount of the taxpayer's federal business interest deduction for the taxable year that exceeds the limitation for that deduction contained in the Code, Section 163(j) applying a rate of 30% to adjusted taxable income for the purposes of the Code, Section 163(j)(1)(B) without regard to the special rule described in the Code, Section 163(j)(10)(A)(i). [PL 2021, c. 1, Pt. E, §1 (NEW).]

OO. For each taxable year beginning on or after January 1, 2021, an amount equal to any increase in deductions allowed for federal income tax purposes pursuant to Division EE, Section 210 of the federal Consolidated Appropriations Act, 2021, Public Law 116-260. [PL 2021, c. 1, Pt. X, §1 (NEW).]

PP. For a tribal member residing on tribal land and for an estate of a decedent who at the time of death was a tribal member residing on tribal land, the absolute value of the Maine adjusted gross income derived from or connected with sources on tribal land as determined under section 5132 if the net amount is less than zero. [PL 2021, c. 681, Pt. G, §3 (NEW); PL 2021, c. 681, Pt. G, §6 (AFF).]

[PL 2025, c. 113, Pt. C, §2 (AMD).]

2. Subtractions. Federal adjusted gross income shall be reduced by:

A. Interest or dividends on obligations of the United States and its territories and possessions or of any authority, commission or instrumentality of the United States to the extent that interest or those dividends are included in federal adjusted gross income but exempt from state income taxes under the laws of the United States. The amount subtracted must be decreased by any expenses incurred in the production of the interest or dividend income to the extent that those expenses, including amortizable bond premiums, are deducted in determining federal adjusted gross income; [PL 2003, c. 390, §30 (AMD).]

B. An amount equal to the reduction in salaries and wages expense for federal income tax purposes associated with the taxpayer's federal work opportunity credit as determined under the Code, Section 51 or empowerment zone employment credit as determined under the Code, Section 1396; [PL 2005, c. 218, §52 (AMD).]

C. Social security benefits and railroad retirement benefits paid by the United States, to the extent included in federal adjusted gross income; [PL 1989, c. 502, Pt. A, §136 (RPR); PL 1989, c. 556, Pt. B, §7 (RPR).]

D. [PL 2001, c. 177, §2 (RP).]

E. Pick-up contributions paid to the taxpayer by the Maine Public Employees Retirement System or distributed as the result of a rollover, whether or not included in federal adjusted gross income, that have been previously taxed under this Part. For tax years beginning on or after January 1, 2018, in the case of a distribution as a result of a rollover, the modification allowed under this paragraph 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 2 tax years immediately following the year of the rollover, except that the total amount subtracted over the 3-year period may not exceed the pick-up contributions that have been previously taxed under this Part; [PL 2019, c. 379, Pt. C, §3 (AMD).]

F. An amount equal to income taxes imposed by this State or any other taxing jurisdiction on the taxpayer that are included in the taxpayer's federal adjusted gross income; [PL 1989, c. 880, Pt. G, §3 (RPR).]

G. [PL 2023, c. 360, Pt. B, §5 (RP).]

H. For each taxable year subsequent to the year of the loss, an amount equal to the absolute value of the net operating loss arising from tax years beginning on or after January 1, 1989, but before January 1, 1993, for which federal adjusted gross income was increased in accordance with subsection 1, paragraph H, and the absolute value of the amount of any net operating loss arising from tax years beginning on or after January 1, 2002, for which federal adjusted gross income was increased in accordance with subsection 1, paragraph H and that pursuant to the Code, Section 172 was carried back for federal income tax purposes, less the absolute value of loss used in the taxable year of loss to offset any addition modification required by subsection 1, but only to the extent that:

- (1) Maine taxable income is not reduced below zero;
- (2) The taxable year is within the allowable federal period for carry-over;
- (3) The amount has not been previously used as a modification pursuant to this subsection; and
- (4) The modification under this paragraph is not claimed for any tax year beginning in 2009, 2010 or 2011. The amount not deducted as the result of the restriction with respect to tax years beginning in 2009, 2010 or 2011 may be deducted in any tax year beginning after December 31, 2011, but only to the extent that the requirements of subparagraphs (1) and (3) are met and the taxable year is within the allowable federal period for carry-over plus the number of years that the net operating loss carry-over adjustment was not deducted as a result of the restriction with respect to tax years beginning in 2009, 2010 or 2011; [PL 2009, c. 213, Pt. ZZZ, §2 (AMD).]

I. For income tax years beginning on or after January 1, 1991, an amount equal to the amount by which federal taxable income was reduced because of vessel earnings from fishing operations that were contributed to a capital construction fund; [RR 1997, c. 2, §58 (COR).]

J. To the extent included in federal adjusted gross income, any amount constituting a qualified distribution from an account established pursuant to Title 20-A, chapter 417-E; [PL 2017, c. 474, Pt. F, §8 (AMD).]

REVISOR'S NOTE: (Paragraph J as enacted by PL 1997, c. 746, §6 and affected by §24 is REALLOCATED TO TITLE 36, SECTION 5122, SUBSECTION 2, PARAGRAPH K)

K. **(REALLOCATED FROM T. 36, §5122, sub-§2, ¶J)** For income tax years beginning on or after January 1, 1997, all items of income, gain, interest, dividends, royalties and other income of a financial institution subject to the tax imposed by section 5206, to the extent that those items are passed through to the taxpayer for federal income tax purposes, including, if the financial institution is an S corporation, the taxpayer's pro rata share and, if the financial institution is a partnership or limited liability company, the taxpayer's distributive share. A subtraction may not be made under this paragraph for:

- (1) Income of the taxpayer earned on interest-bearing or similar accounts of the taxpayer at a financial institution as a customer of that financial institution;
- (2) Any dividends or other distributions with respect to a taxpayer's ownership interest in a financial institution; and
- (3) Any gain recognized on the disposition by the taxpayer of an ownership interest in a financial institution; [PL 1999, c. 708, §34 (AMD); PL 1999, c. 731, Pt. S, §1 (AMD); PL 1999, c. 731, Pt. S, §4 (AFF).]

L. For income tax years beginning on or after January 1, 2000 and before January 1, 2004, an amount equal to the total premiums spent for qualified long-term care insurance contracts as defined in the Code, Section 7702B(b), as long as the amount subtracted is reduced by the long-term care premiums claimed as an itemized deduction pursuant to section 5125. For income tax years beginning on or after January 1, 2004, an amount equal to the total premiums spent for qualified long-term care insurance contracts as defined in the Code, Section 7702B(b), as long as the amount subtracted is reduced by any amount claimed as a deduction for federal income tax purposes in accordance with the Code, Section 162(l) and by the long-term care premiums claimed as an itemized deduction pursuant to section 5125; [PL 2003, c. 705, §11 (AMD); PL 2003, c. 705, §14 (AFF).]

M. For each individual who is a primary recipient of pension benefits under an employee retirement plan, an amount that is the lesser of:

- (1) Six thousand dollars reduced by the total amount of the individual's social security benefits and railroad retirement benefits paid by the United States, but not less than \$0. The reduction does not apply to benefits paid under a military retirement plan; or
- (2) The aggregate of pension benefits under employee retirement plans included in the individual's federal adjusted gross income.

For purposes of this paragraph, the following terms have the following meanings. "Primary recipient" means the individual upon whose earnings the employee retirement plan benefits are based or the surviving spouse of that individual. "Pension benefits" means employee retirement plan benefits reported as pension or annuity income for federal income tax purposes. "Employee retirement plan" means a state, federal or military retirement plan or any other retirement benefit plan established and maintained by an employer for the benefit of its employees under the Code, Section 401(a), Section 403 or Section 457(b), except that distributions made pursuant to a Section 457(b) plan are not eligible for the deduction provided by this paragraph if they are made prior to age 55 and are not part of a series of substantially equal periodic payments made for the life of the primary recipient or the joint lives of the primary recipient and that recipient's designated beneficiary. "Employee retirement plan" does not include an individual retirement account under Section 408 of the Code, a Roth IRA under Section 408A of the Code, a rollover individual retirement account, a simplified employee pension under Section 408(k) of the Code or an ineligible deferred compensation plan under Section 457(f) of the Code. Pension benefits under an employee retirement plan do not include distributions that are subject to the tax imposed by the Code, Section 72(t). "Military retirement plan" means benefits received as a result of service in the active or reserve components of the United States Army, Navy, Air Force, Marines or Coast Guard.

This paragraph does not apply to tax years beginning on or after January 1, 2014; [PL 2017, c. 170, Pt. H, §1 (AMD).]

M-1. For tax years beginning on or after January 1, 2014 but before January 1, 2016, for each individual who is a primary recipient of retirement plan benefits under an employee retirement plan or an individual retirement account, an amount that is the lesser of the aggregate of retirement plan benefits under employee retirement plans or individual retirement accounts included in the individual's federal adjusted gross income and the pension deduction amount reduced by the total amount of the individual's social security benefits and railroad retirement benefits paid by the United States, but not less than \$0. The social security benefits and railroad retirement benefits reduction does not apply to benefits paid under a military retirement plan.

For purposes of this paragraph, the following terms have the following meanings.

- (1) "Employee retirement plan" means a state, federal or military retirement plan or any other retirement benefit plan established and maintained by an employer for the benefit of its employees under the Code, Section 401(a), Section 403 or Section 457(b), except that

distributions made pursuant to a Section 457(b) plan are not eligible for the deduction provided by this paragraph if they are made prior to age 55 and are not part of a series of substantially equal periodic payments made for the life of the primary recipient or the joint lives of the primary recipient and that recipient's designated beneficiary.

(2) "Individual retirement account" means an individual retirement account under Section 408 of the Code, a Roth IRA under Section 408A of the Code, a simplified employee pension under Section 408(k) of the Code or a simple retirement account for employees under Section 408(p) of the Code.

(3) "Military retirement plan" means retirement plan benefits received as a result of service in the active or reserve components of the United States Army, Navy, Air Force, Marines or Coast Guard.

(4) "Pension deduction amount" means \$10,000.

(5) "Primary recipient" means the individual upon whose earnings or contributions the retirement plan benefits are based or the surviving spouse of that individual.

(6) "Retirement plan benefits" means employee retirement plan benefits, except pick-up contributions for which a subtraction is allowed under paragraph E, reported as pension or annuity income for federal income tax purposes and individual retirement account benefits reported as individual retirement account distributions for federal income tax purposes. "Retirement plan benefits" does not include distributions that are subject to the tax imposed by the Code, Section 72(t); [PL 2017, c. 170, Pt. H, §2 (AMD).]

M-2. For tax years beginning on or after January 1, 2016:

(1) For each individual who is a primary recipient of retirement plan benefits, the reduction is the sum of:

(a) Excluding military retirement plan benefits, an amount that is the lesser of:

(i) The aggregate of retirement plan benefits under employee retirement plans or individual retirement accounts included in the individual's federal adjusted gross income; and

(ii) The pension deduction amount reduced by the total amount of the individual's social security benefits and railroad retirement benefits paid by the United States, but not less than \$0; and

(b) An amount equal to the aggregate of retirement benefits under military retirement plans included in the individual's federal adjusted gross income; and

(2) For purposes of this paragraph, the following terms have the following meanings.

(a) "Employee retirement plan" means a state, federal or military retirement plan or any other retirement benefit plan established and maintained by an employer for the benefit of its employees under the Code, Section 401(a), Section 403 or Section 457(b), except that distributions made are not eligible for the deduction provided by this paragraph if they are made prior to age 55 and are not part of a series of substantially equal periodic payments made for the life of the primary recipient or the joint lives of the primary recipient and that recipient's designated beneficiary.

(b) "Individual retirement account" means an individual retirement account under Section 408 of the Code, a Roth IRA under Section 408A of the Code, a simplified employee pension under Section 408(k) of the Code or a simple retirement account for employees under Section 408(p) of the Code.

(c) "Military retirement plan" means retirement plan benefits received as a result of service in the active or reserve components of the United States Army, Navy, Air Force, Marines, Coast Guard or Space Force. For tax years beginning on or after January 1, 2026, "military retirement plan" means retirement plan benefits received as a result of service in the active or reserve components of the uniformed services of the United States as defined in 37 United States Code, Section 101(3).

(d) "Pension deduction amount" means:

(i) For tax years beginning prior to January 1, 2022, \$10,000;

(ii) For tax years beginning in 2022, \$25,000;

(iii) For tax years beginning in 2023, \$30,000; and

(iv) For tax years beginning on or after January 1, 2024, the maximum annual benefit that an individual eligible to retire at the retirement age, as defined in 42 United States Code, Section 416(l), as of January 1st of the tax year may receive under the federal Social Security Act and amendments to that Act as of June 28, 2023.

(e) "Primary recipient" means the individual upon whose earnings or contributions the retirement plan benefits are based or the surviving spouse of that individual.

(f) "Retirement plan benefits" means employee retirement plan benefits, except pick-up contributions for which a subtraction is allowed under paragraph E, reported as pension or annuity income for federal income tax purposes and individual retirement account benefits reported as individual retirement account distributions for federal income tax purposes. "Retirement plan benefits" does not include distributions that are subject to the tax imposed by the Code, Section 72(t); [PL 2025, c. 271, Pt. C, §2 (AMD); PL 2025, c. 452, §1 (AMD).]

M-3. For tax years beginning on or after January 1, 2025, the amount in paragraph M-2, subparagraph (1), division (a) must be reduced by an amount equal to the total amount in paragraph M-2, subparagraph (1), division (a) multiplied by a fraction, the numerator of which is the taxpayer's federal adjusted gross income less the applicable amount, except that the numerator may not be less than zero, and the denominator of which is \$50,000 in the case of a married individual filing a separate return and \$100,000 in all other filing cases. The fraction contained in this paragraph may not produce a result that is more than one. The applicable amount must be adjusted for inflation in accordance with section 5403, subsection 11.

For purposes of this paragraph, "applicable amount" means:

(1) For individuals filing as single individuals, \$125,000;

(2) For individuals filing as heads of households, \$187,500;

(3) For individuals filing married joint returns or as surviving spouses, \$250,000; or

(4) For married individuals filing separate returns, 1/2 of the applicable amount under subparagraph (3); [RR 2025, c. 1, Pt. A, §55 (COR).]

N. Interest or dividends on obligations or securities of this State and its political subdivisions and authorities to the extent included in federal adjusted gross income; [PL 2001, c. 358, Pt. CC, §3 (NEW).]

O. A Holocaust victim settlement payment received by a Holocaust victim to the extent included in federal adjusted gross income. This paragraph applies only to a taxpayer who is the first recipient of a Holocaust victim settlement payment. For purposes of this paragraph, the following terms have the following meanings.

(1) "Holocaust victim" means an individual who died, lost property or was a victim of persecution as a result of discriminatory laws, policies or actions targeted against discrete groups of individuals based on race, religion, ethnicity, sexual orientation, gender identity or national origin, whether or not the individual was actually a member of any of those groups, or because the individual assisted or allegedly assisted any of those groups, between January 1, 1929 and December 31, 1945, in Nazi Germany or in any European country allied with or occupied by Nazi Germany. "Holocaust victim" includes the spouse or descendant of such an individual.

(2) "Holocaust victim settlement payment" means a payment received:

(a) As a result of the taxpayer's status as a Holocaust victim;

(b) As a result of the settlement of any other Holocaust claim, including an insurance claim, a claim relating to looted art, a claim relating to looted financial assets, a claim relating to slave labor wages or a class action lawsuit claim against Swiss banks; or

(c) As interest on any payment under division (a) or (b) accumulated or accrued through the date of payment; [PL 2021, c. 366, §34 (AMD).]

P. An amount equal to the absolute value of any net operating loss arising in a tax year beginning or ending in 2001 for which federal adjusted gross income was increased in accordance with subsection 1, paragraph M and that, pursuant to Section 102 of the federal Job Creation and Worker Assistance Act of 2002, Public Law 107-147, was carried back more than 2 years to the taxable year for federal income tax purposes, but only to the extent that:

(1) Maine taxable income is not reduced below zero;

(2) The taxable year is either within 2 years prior to the year in which the loss arose or within the allowable federal period for carry-over of net operating losses;

(3) The amount has not been previously used as a modification pursuant to this subsection; and

(4) The modification under this paragraph is not claimed for any tax year beginning in 2009, 2010 or 2011. The amount not deducted as the result of the restriction with respect to tax years beginning in 2009, 2010 or 2011 may be deducted in any tax year beginning after December 31, 2011, but only to the extent that the requirements of subparagraphs (1) and (3) are met and the taxable year is within the allowable federal period for carry-over plus the number of years that the net operating loss carry-over adjustment was not deducted as a result of the restriction with respect to tax years beginning in 2009, 2010 or 2011; [PL 2009, c. 213, Pt. ZZZ, §3 (AMD).]

P. **(REALLOCATED TO T. 36, §5122, sub-§2, ¶T)** [PL 2001, c. 679, §4 (NEW); PL 2001, c. 679, §6 (AFF); RR 2003, c. 1, §37 (RAL).]

Q. A fraction of any amount previously added back by the taxpayer to federal adjusted gross income pursuant to subsection 1, paragraph N.

(1) With respect to property first placed in service during taxable years beginning in 2002, the adjustment under this paragraph is available for each year during the recovery period, beginning 2 years after the beginning of the taxable year during which the property was first placed in service. The fraction is equal to the amount added back under subsection 1, paragraph N with respect to the property, divided by the number of years in the recovery period minus 2.

(2) With respect to all other property, for the taxable year immediately following the taxable year during which the property was first placed in service, the fraction allowed by this paragraph is equal to 5% of the amount added back under subsection 1, paragraph N with respect to the property. For each subsequent taxable year during the recovery period, the

fraction is equal to 95% of the amount added back under subsection 1, paragraph N with respect to the property, divided by the number of years in the recovery period minus 2.

In the case of property expensed pursuant to Section 179 of the Code, the term "recovery period" means the recovery period that would have been applicable to the property had Section 179 not been applied; [PL 2005, c. 416, §1 (AMD).]

R. [PL 2003, c. 20, Pt. EE, §2 (RP).]

S. [PL 2003, c. 20, Pt. EE, §2 (RP).]

T. **(REALLOCATED FROM T. 36, §5122, sub-§2, ¶P)** [PL 2015, c. 267, Pt. DD, §11 (RP); PL 2015, c. 267, Pt. DD, §34 (AFF).]

U. For income tax years beginning on or after January 1, 2015, the gain attributable to the sale of sustainably managed, eligible timberlands as calculated in this paragraph.

(1) As used in this paragraph, unless the context otherwise indicates, the following terms have the following meanings.

(a) "Commercial harvesting" or "commercially harvested" means the harvesting of forest products that have commercial value.

(b) "Eligible timberlands" means land of at least 10 acres located in the State and used primarily for the growth of trees to be commercially harvested. Land that would otherwise be included within this definition may not be excluded because of:

(i) Use of the land for multiple public recreation activities;

(ii) Statutory or governmental restrictions that prevent commercial harvesting of trees or require a primary use of the land other than commercial harvesting;

(iii) Deed restrictions, restrictive covenants or organizational charters that prevent commercial harvesting of trees or require a primary use of land other than commercial harvesting and that were effective prior to January 1, 1982; or

(iv) Past or present multiple use for mineral exploration.

(c) "Forest products that have commercial value" means logs, pulpwood, veneer, bolt wood, wood chips, stud wood, poles, pilings, biomass, fuel wood, Christmas trees, maple syrup, nursery products used for ornamental purposes, wreaths, bough material or cones or other seed products.

(d) "Sustainably managed" means:

(i) A forest management and harvest plan, as defined in section 573, subsection 3-A, has been prepared for the eligible timberlands and has been in effect for the entire time period used to compute the amount of the subtraction modification under this paragraph; and

(ii) The taxpayer has received a written statement from a licensed forester certifying that, as of the time of the sale, the eligible timberlands have been managed in accordance with the plan under subdivision (i) during that period.

(2) To the extent they are included in the taxpayer's federal adjusted gross income, the following amounts must be subtracted from federal adjusted gross income:

(a) For eligible timberlands held by the taxpayer for at least a 10-year period beginning on or after January 1, 2005 but less than an 11-year period beginning on or after January 1, 2005, 1/15 of the gain recognized on the sale of the eligible timberlands;

- (b) For eligible timberlands held by the taxpayer for at least an 11-year period beginning on or after January 1, 2005 but less than a 12-year period beginning on or after January 1, 2005, $\frac{2}{15}$ of the gain recognized on the sale of the eligible timberlands;
 - (c) For eligible timberlands held by the taxpayer for at least a 12-year period beginning on or after January 1, 2005 but less than a 13-year period beginning on or after January 1, 2005, $\frac{1}{5}$ of the gain recognized on the sale of the eligible timberlands;
 - (d) For eligible timberlands held by the taxpayer for at least a 13-year period beginning on or after January 1, 2005 but less than a 14-year period beginning on or after January 1, 2005, $\frac{4}{15}$ of the gain recognized on the sale of the eligible timberlands;
 - (e) For eligible timberlands held by the taxpayer for at least a 14-year period beginning on or after January 1, 2005 but less than a 15-year period beginning on or after January 1, 2005, $\frac{1}{3}$ of the gain recognized on the sale of the eligible timberlands;
 - (f) For eligible timberlands held by the taxpayer for at least a 15-year period beginning on or after January 1, 2005 but less than a 16-year period beginning on or after January 1, 2005, $\frac{2}{5}$ of the gain recognized on the sale of the eligible timberlands;
 - (g) For eligible timberlands held by the taxpayer for at least a 16-year period beginning on or after January 1, 2005 but less than a 17-year period beginning on or after January 1, 2005, $\frac{7}{15}$ of the gain recognized on the sale of the eligible timberlands;
 - (h) For eligible timberlands held by the taxpayer for at least a 17-year period beginning on or after January 1, 2005 but less than an 18-year period beginning on or after January 1, 2005, $\frac{8}{15}$ of the gain recognized on the sale of the eligible timberlands;
 - (i) For eligible timberlands held by the taxpayer for at least an 18-year period beginning on or after January 1, 2005 but less than a 19-year period beginning on or after January 1, 2005, $\frac{3}{5}$ of the gain recognized on the sale of the eligible timberlands;
 - (j) For eligible timberlands held by the taxpayer for at least a 19-year period beginning on or after January 1, 2005 but less than a 20-year period beginning on or after January 1, 2005, $\frac{2}{3}$ of the gain recognized on the sale of the eligible timberlands;
 - (k) For eligible timberlands held by the taxpayer for at least a 20-year period beginning on or after January 1, 2005 but less than a 21-year period beginning on or after January 1, 2005, $\frac{11}{15}$ of the gain recognized on the sale of the eligible timberlands;
 - (l) For eligible timberlands held by the taxpayer for at least a 21-year period beginning on or after January 1, 2005 but less than a 22-year period beginning on or after January 1, 2005, $\frac{4}{5}$ of the gain recognized on the sale of the eligible timberlands;
 - (m) For eligible timberlands held by the taxpayer for at least a 22-year period beginning on or after January 1, 2005 but less than a 23-year period beginning on or after January 1, 2005, $\frac{13}{15}$ of the gain recognized on the sale of the eligible timberlands;
 - (n) For eligible timberlands held by the taxpayer for at least a 23-year period beginning on or after January 1, 2005 but less than a 24-year period beginning on or after January 1, 2005, $\frac{14}{15}$ of the gain recognized on the sale of the eligible timberlands; or
 - (o) For eligible timberlands held by the taxpayer for at least a 24-year period beginning on or after January 1, 2005, all of the gain recognized on the sale of the eligible timberlands.
- (3) Taxpayers claiming this credit must attach a sworn statement from a forester licensed pursuant to Title 32, chapter 76 that the timberlands for which the credit is claimed have been managed sustainably. For the purposes of this subparagraph, "sustainably" means that the timberlands for which the credit is claimed have been managed to protect soil productivity and

to maintain or improve stand productivity and timber quality; known occurrences of threatened or endangered species and rare or exemplary natural communities; significant wildlife habitat and essential wildlife habitat; and water quality, wetlands and riparian zones.

Upon request of the State Tax Assessor, the Director of the Bureau of Forestry within the Department of Agriculture, Conservation and Forestry may provide assistance in determining whether timberlands for which the credit is claimed have been managed sustainably. When assistance is requested under this subparagraph, the director or the director's designee may enter and examine the timberlands for the purpose of determining whether the timberlands have been managed sustainably.

In the case of timberlands owned by an entity that is treated as a pass-through entity for income tax purposes, the land must be treated as eligible timberland if ownership and use of the land by the pass-through entity satisfies the requirements of this paragraph. If the owner of the eligible timberlands is an S corporation, the taxpayer must subtract the owner's pro rata share of the gain. If the owner of the timberlands is a partnership or limited liability company taxed as a partnership, the taxpayer must subtract the taxpayer's distributive share of the gain, subject to the percentage limitations provided in this paragraph.

This modification may not reduce Maine taxable income to less than zero. To the extent this modification results in Maine taxable income that is less than zero for the taxable year, the excess negative modification amount may be carried forward and applied as a subtraction modification for up to 10 taxable years. The entire amount of the excess negative modification must be carried to the earliest of the taxable years to which, by reason of this subsection, the negative modification may be carried and then to each of the other taxable years to the extent the unused negative modification is not used for a prior taxable year. Earlier carry-forward modifications must be used before newer modifications generated in later years; [PL 2005, c. 622, §27 (AMD); PL 2005, c. 644, §5 (AMD); PL 2011, c. 657, Pt. W, §§5, 7 (REV); PL 2013, c. 405, Pt. A, §23 (REV).]

V. The taxpayer's pro rata share of an amount that was previously added back to federal taxable income pursuant to section 5200-A, subsection 1, paragraph H by an S corporation of which the taxpayer is a shareholder and by which, absent the S corporation election, the corporation could have reduced its federal taxable income for the taxable year pursuant to section 5200-A, subsection 2, paragraph H, except that the modification under this paragraph may not be claimed for any tax year beginning in 2009, 2010 or 2011. The amount not deducted as the result of the restriction with respect to tax years beginning in 2009, 2010 or 2011 may be deducted in any tax year beginning after December 31, 2011, but only to the extent that the requirements of section 5200-A, subsection 2, paragraph H, subparagraphs (1) and (3) are met and the taxable year is within the allowable federal period for carry-over plus the number of years that the net operating loss carry-over adjustment was not deducted as a result of the restriction with respect to tax years beginning in 2009, 2010 or 2011; [PL 2009, c. 213, Pt. ZZZ, §4 (AMD).]

W. The taxpayer's pro rata share of an amount that was previously added back to federal taxable income pursuant to section 5200-A, subsection 1, paragraph M by an S corporation of which the taxpayer is a shareholder and by which, absent the S corporation election, the corporation could have reduced its federal taxable income for the taxable year pursuant to section 5200-A, subsection 2, paragraph L; [PL 2007, c. 466, Pt. A, §66 (RPR); PL 2007, c. 466, Pt. A, §70 (AFF).]

X. The taxpayer's pro rata share of an amount that was previously added back to federal taxable income by a corporation of which the taxpayer is a shareholder and by which, absent an S corporation election, the corporation could have reduced its federal taxable income for the taxable year pursuant to section 5200-A, subsection 2, paragraph M, R, V, Y, Z, AA or FF; [PL 2021, c. 181, Pt. A, §5 (AMD).]

Y. [PL 2015, c. 267, Pt. DD, §12 (RP); PL 2015, c. 267, Pt. DD, §34 (AFF).]

Z. For income tax years beginning on or after January 1, 2006, to the extent included in federal adjusted gross income and not otherwise removed from Maine taxable income, an amount equal to the total of capital gains and ordinary income resulting from depreciation recapture determined in accordance with the Code, Sections 1245 and 1250 that is realized upon the sale of property certified as multifamily affordable housing property by the Maine State Housing Authority in accordance with Title 30-A, section 4722, subsection 1, paragraph AA; [RR 2007, c. 2, §22 (COR).]

AA. For taxable years beginning on or after January 1, 2009, an amount equal to the net increase in the depreciation deductions allowable under Sections 167 and 168 of the Code that would have been applicable to that property had the depreciation deduction under the Code, Section 168(k) not been claimed with respect to such property placed in service on or after January 1, 2008 for which an addition was required under subsection 1, paragraph AA in a prior year.

Upon the taxable disposition of property to which this paragraph applies, the amount of any gain or loss includable in federal adjusted gross income must be adjusted for Maine income tax purposes by an amount equal to the difference between the addition modification for such property under subsection 1, paragraph AA and the subtraction modifications allowed pursuant to this paragraph.

The total amount of subtraction claimed for property under this paragraph for all tax years may not exceed the addition modification under subsection 1, paragraph AA for the same property; [RR 2009, c. 2, §109 (COR).]

REVISOR'S NOTE: (Paragraph AA as enacted by PL 2007, c. 689, §3 is REALLOCATED TO TITLE 36, SECTION 5122, SUBSECTION 2, PARAGRAPH BB)

BB. **(REALLOCATED FROM T. 36, §5122, sub-§2, ¶AA)** [PL 2017, c. 170, Pt. D, §4 (RP).]

CC. An amount equal to the value of any prior year addition modification under subsection 1, paragraph DD, but only to the extent that:

- (1) Maine taxable income is not reduced below zero;
- (2) The taxable year is within the allowable federal period for carry-over plus the number of years that the net operating loss carry-over adjustment was not deducted as a result of the restriction with respect to tax years beginning in 2009, 2010 or 2011;
- (3) The amount has not been previously used as a modification pursuant to this subsection; and
- (4) The modification under this paragraph is not claimed for any tax year beginning in 2009, 2010 or 2011; [RR 2009, c. 1, §26 (COR).]

REVISOR'S NOTE: (Paragraph CC as enacted by PL 2009, c. 213, Pt. BBBB, §8 and affected by §17 is REALLOCATED TO TITLE 36, SECTION 5122, SUBSECTION 2, PARAGRAPH DD)

REVISOR'S NOTE: (Paragraph CC as enacted by PL 2009, c. 434, §69 and affected by §84 is REALLOCATED TO TITLE 36, SECTION 5122, SUBSECTION 2, PARAGRAPH EE)

DD. **(REALLOCATED FROM T. 36, §5122, sub-§2, ¶CC)** [PL 2023, c. 360, Pt. B, §6 (RP).]

EE. **(REALLOCATED FROM T. 36, §5122, sub-§2, ¶CC)** To the extent included in federal adjusted gross income, an amount constituting benefits received under a municipal property tax assistance program established pursuant to section 6232, subsections 1-A and 1-B; [PL 2025, c. 337, §1 (AMD).]

FF. [PL 2021, c. 635, Pt. H, §16 (RP); PL 2021, c. 635, Pt. H, §18 (AFF).]

REVISOR'S NOTE: (Paragraph FF as enacted by PL 2009, c. 625, §12 and affected by §15 is REALLOCATED TO TITLE 36, SECTION 5122, SUBSECTION 2, PARAGRAPH GG)

GG. (REALLOCATED FROM T. 36, §5122, sub-§2, ¶FF) [PL 2023, c. 360, Pt. B, §7 (RP).]

HH. To the extent included in federal adjusted gross income, annuity payments made to the survivor of a deceased member of the military who died as the result of service in active or reserve components of the United States Army, Navy, Air Force, Marines, Coast Guard or Space Force under a survivor benefit plan or reserve component survivor benefit plan pursuant to 10 United States Code, Chapter 73 reduced by any amount claimed as a modification under paragraph M, M-1 or M-2; [PL 2023, c. 523, Pt. B, §2 (AMD).]

REVISOR'S NOTE: (Paragraph HH as enacted by PL 2011, c. 454, §9 is REALLOCATED TO TITLE 36, SECTION 5122, SUBSECTION 2, PARAGRAPH JJ)

II. For taxable years beginning on or after January 1, 2012, an amount equal to the net increase in the depreciation deduction allowable under the Code, Sections 167 and 168 that would have been applicable to that property had the depreciation deduction under the Code, Section 168(k) not been claimed with respect to such property placed in service during the taxable year beginning in 2011 or 2012 for which an addition was required under subsection 1, paragraph FF, subparagraph (2) for the taxable year beginning in 2011 or 2012.

Upon the taxable disposition of property to which this paragraph applies, the amount of any gain or loss includable in federal adjusted gross income must be adjusted for Maine income tax purposes by an amount equal to the difference between the addition modification for such property under subsection 1, paragraph FF, subparagraph (2) related to property placed in service outside the State and the subtraction modifications allowed pursuant to this paragraph.

The total amount of the subtraction modification claimed under this paragraph for all tax years may not exceed the addition modification under subsection 1, paragraph FF, subparagraph (2) for the same property; [PL 2013, c. 424, Pt. A, §26 (RPR).]

JJ. (REALLOCATED FROM T. 36, §5122, sub-§2, ¶HH) To the extent included in federal adjusted gross income, an amount equal to the distribution from a private venture capital fund of the refundable portion of the credit allowed under section 5216-B; [PL 2013, c. 368, Pt. TT, §5 (AMD).]

KK. To the extent included in federal adjusted gross income, an amount equal to the refundable portion of the income tax credit under the Maine New Markets Capital Investment Program under Title 10, section 1100-Z; [PL 2013, c. 368, Pt. TT, §6 (AMD).]

LL. To the extent included in federal adjusted gross income and to the extent otherwise subject to Maine income tax, an amount equal to military compensation earned during the taxable year for service performed outside of this State pursuant to written military orders:

(1) For active duty service in the active components of the United States Army, Navy, Air Force, Marines, Coast Guard or Space Force by a service member whose permanent duty station during such service is located outside of this State; and

(2) For active duty service in the active or reserve components of the United States Army, Navy, Air Force, Marines, Coast Guard or Space Force or in the Maine National Guard by a service member in support of a federal operational mission or a declared state or federal disaster response when the orders are either at federal direction or at the direction of the Governor of this State; [PL 2023, c. 523, Pt. B, §3 (AMD).]

MM. For taxable years beginning on or after January 1, 2014, an amount equal to the net increase in the depreciation deduction allowable under the Code, Sections 167 and 168 that would have been applicable to that property had the depreciation deduction under the Code, Section 168(k) not been

claimed with respect to such property placed in service during the taxable year beginning in 2013 for which an addition was required under subsection 1, paragraph HH, subparagraph (2) for the taxable year beginning in 2013.

Upon the taxable disposition of property to which this paragraph applies, the amount of any gain or loss includable in federal adjusted gross income must be adjusted for Maine income tax purposes by an amount equal to the difference between the addition modification for such property under subsection 1, paragraph HH, subparagraph (2) and the subtraction modifications allowed pursuant to this paragraph.

The total amount of subtraction claimed under this paragraph for all tax years may not exceed the addition modification under subsection 1, paragraph HH, subparagraph (2) for the same property; [PL 2015, c. 388, Pt. A, §6 (AMD).]

NN. For taxable years beginning on or after January 1, 2015, an amount equal to the net increase in the depreciation deduction allowable under the Code, Sections 167 and 168 that would have been applicable to that property had the depreciation deduction under the Code, Section 168(k) not been claimed with respect to such property placed in service during the taxable year beginning in 2014 for which an addition was required under subsection 1, paragraph II, subparagraph (2) for the taxable year beginning in 2014.

Upon the taxable disposition of property to which this paragraph applies, the amount of any gain or loss includable in federal adjusted gross income must be adjusted for Maine income tax purposes by an amount equal to the difference between the addition modification for such property under subsection 1, paragraph II, subparagraph (2) and the subtraction modifications allowed pursuant to this paragraph.

The total amount of subtraction claimed under this paragraph for all tax years may not exceed the addition modification under subsection 1, paragraph II, subparagraph (2) for the same property; and [PL 2015, c. 388, Pt. A, §7 (AMD).]

OO. For taxable years beginning on or after January 1, 2016, an amount equal to the net increase in the depreciation deduction allowable under the Code, Sections 167 and 168 that would have been applicable to that property had the depreciation deduction under the Code, Section 168(k) not been claimed with respect to such property placed in service during any taxable year beginning on or after January 1, 2015 but before January 1, 2020 for which an addition was required under subsection 1, paragraph KK, subparagraph (2) for the taxable year.

Upon the taxable disposition of property to which this paragraph applies, the amount of any gain or loss includable in federal adjusted gross income must be adjusted for Maine income tax purposes by an amount equal to the difference between the addition modification for such property under subsection 1, paragraph KK, subparagraph (2) and the subtraction modifications allowed pursuant to this paragraph.

The total amount of subtraction claimed under this paragraph for all tax years may not exceed the addition modification under subsection 1, paragraph KK, subparagraph (2) for the same property. [PL 2019, c. 659, Pt. I, §1 (AMD).]

PP. For taxable years beginning on or after January 1, 2018, for business expenses related to carrying on a trade or business as a registered caregiver or a registered dispensary, as defined in Title 22, section 2421-A, an amount equal to the deduction that would otherwise be allowable under this Part to the extent that the deduction is disallowed under the Code, Section 280E. For taxable years beginning on or after January 1, 2023, for business expenses related to carrying on a trade or business as a registered caregiver, a registered dispensary or a manufacturing facility, as defined in Title 22, section 2421-A, or a cannabis establishment or testing facility, as defined in Title 28-B, section 102-A, an amount equal to the deduction that would otherwise be allowable under this Part

to the extent that the deduction is disallowed under the Code, Section 280E. [PL 2023, c. 679, Pt. C, §14 (AMD).]

REVISOR'S NOTE: (Paragraph PP as enacted by PL 2017, c. 474, Pt. C, §3 is REALLOCATED TO TITLE 36, SECTION 5122, SUBSECTION 2, PARAGRAPH TT)

QQ. For tax years beginning on or after January 1, 2020, any earnings on funds in an account established under a qualified ABLE program that complies with the requirements of the federal Achieving a Better Life Experience Act of 2014, Public Law 113-295. [PL 2019, c. 348, §3 (NEW).]

REVISOR'S NOTE: (Paragraph QQ as enacted by PL 2019, c. 527, Pt. A, §2 is REALLOCATED TO TITLE 36, SECTION 5122, SUBSECTION 2, PARAGRAPH RR)

REVISOR'S NOTE: (Paragraph QQ as enacted by PL 2019, c. 530, Pt. C, §1 is REALLOCATED TO TITLE 36, SECTION 5122, SUBSECTION 2, PARAGRAPH SS)

RR. **(REALLOCATED FROM T. 36, §5122, sub-§2, ¶QQ)** For taxable years beginning on or after January 1, 2020, an amount equal to the net increase in the depreciation deduction allowable under the Code, Sections 167 and 168 that would have been applicable to that property had the depreciation deduction under the Code, Section 168(k) not been claimed with respect to such property placed in service during the taxable year beginning on or after January 1, 2020 for which an addition was required under subsection 1, paragraph KK for the taxable year.

Upon the taxable disposition of property to which this paragraph applies, the amount of any gain or loss includable in federal adjusted gross income must be adjusted for Maine income tax purposes by an amount equal to the difference between the addition modification for such property under subsection 1, paragraph KK and the subtraction modifications allowed pursuant to this paragraph.

The total amount of subtraction claimed under this paragraph for all tax years may not exceed the addition modification under subsection 1, paragraph KK for the same property. [PL 2019, c. 527, Pt. A, §2 (NEW); RR 2019, c. 1, Pt. A, §70 (RAL).]

SS. **(REALLOCATED FROM T. 36, §5122, sub-§2, ¶QQ)** For taxable years beginning on or after January 1, 2020, to the extent included in federal adjusted gross income, student loan payments made by the taxpayer's employer directly to a lender on behalf of a qualified health care employee. As used in this paragraph, "qualified health care employee" means an individual who is employed by a hospital located in this State and who is licensed under Title 32, chapter 31, subchapter 3 or 4; chapter 36, subchapter 4; or chapter 48, subchapter 2. [PL 2021, c. 635, Pt. H, §17 (AMD); PL 2021, c. 635, Pt. H, §18 (AFF).]

TT. **(REALLOCATED FROM T. 36, §5122, sub-§2, ¶PP)** [PL 2021, c. 1, Pt. H, §2 (RP); PL 2021, c. 1, Pt. H, §5 (AFF).]

UU. An amount equal to the value of any prior year addition modification under subsection 1, paragraph MM, but only to the extent that:

- (1) Maine taxable income is not reduced below zero;
- (2) The amount has not been previously used as a modification pursuant to this paragraph or otherwise used to reduce Maine taxable income; and
- (3) The taxpayer does not include the amount in computing any net operating loss carry-back or carry-over pursuant to the Code, Section 172 for federal income tax purposes. [PL 2021, c. 1, Pt. D, §2 (NEW).]

VV. For taxable years beginning on or after January 1, 2021, an amount equal to the value of any prior year addition modification under subsection 1, paragraph NN, but only to the extent that:

- (1) Maine taxable income is not reduced below zero;

- (2) No more than 25% of the amount is used as a modification in any taxable year; and
- (3) The amount has not been previously used as a modification pursuant to this paragraph or otherwise used to reduce Maine taxable income. [PL 2021, c. 1, Pt. E, §2 (NEW).]

WW. For tax years beginning on or after January 1, 2020 but not later than December 31, 2020, for a taxpayer with a federal adjusted gross income of less than \$150,000, the total amount of unemployment compensation, up to \$10,200, received by the taxpayer or, in the case of a joint return, received by each spouse, to the extent included in federal adjusted gross income pursuant to the Code, Section 85. [PL 2021, c. 1, Pt. Z, §1 (NEW).]

XX. For tax years beginning on or after January 1, 2022, to the extent included in federal adjusted gross income, student loan payments made directly to a lender on behalf of the taxpayer by a student loan repayment program funded by a nonprofit foundation and administered by the Finance Authority of Maine for residents of the State employed by a business located in the State. [PL 2021, c. 635, Pt. G, §1 (NEW).]

REVISOR'S NOTE: (Paragraph XX as enacted by PL 2021, c. 681, Pt. G, §4 is REALLOCATED TO TITLE 36, SECTION 5122, SUBSECTION 2, PARAGRAPH ZZ)

YY. For taxable years beginning on or after January 1, 2023, the portion of contributions to a qualified tuition program established under Section 529 of the Code up to \$1,000 per designated beneficiary. This deduction may not be claimed when federal adjusted gross income exceeds \$100,000 for a single individual and married persons filing separate returns or \$200,000 for individuals filing married joint returns and heads of households. [PL 2021, c. 707, §1 (NEW).]

ZZ. (REALLOCATED FROM T. 36, §5122, sub-§2, ¶XX) For a tribal member residing on tribal land and for an estate of a decedent who at the time of death was a tribal member residing on tribal land, the Maine adjusted gross income derived from or connected with sources on tribal land as determined under section 5132 if the net amount is greater than zero. [PL 2021, c. 681, Pt. G, §4 (NEW); PL 2021, c. 681, Pt. G, §6 (AFF); RR 2021, c. 2, Pt. A, §127 (RAL).]

AAA. For taxable years beginning on or after January 1, 2025, to the extent included in federal adjusted gross income and to the extent otherwise subject to state income tax, an amount equal to any gain recognized on the sale by the taxpayer of an ownership interest greater than 50% in a qualified business if the business provides housing and was transferred to a cooperative affordable housing corporation organized under Title 13, chapter 85, subchapter 1-A or a municipal housing authority, as defined in Title 30-A, section 4702, subsection 10-A, or an affiliate of a municipal housing authority.

- (1) The deduction allowed pursuant to this paragraph may not exceed \$750,000.
- (2) For purposes of this paragraph, "qualified business" means a business whose securities are not publicly traded on any stock exchange, including a corporation, an S corporation, a limited liability company, a limited liability partnership, a sole proprietorship and all entities that are not publicly traded and are related by common majority ownership or control, and:

- (a) That is registered with the Secretary of State; or

- (b) Whose principal place of business is within the State. [PL 2025, c. 455, §1 (NEW).] [RR 2025, c. 1, Pt. A, §55 (COR).]

3. Fiduciary adjustment. There shall be added to or subtracted from federal adjusted gross income, as the case may be, the taxpayer's share of the fiduciary adjustment determined under section 5164.

[P&SL 1969, c. 154, §F/§1 (NEW).]

4. Cross reference. For modifications required to be made by a partner relating to items of income, gain, loss or deductions of a partnership, see chapter 815.

[P&SL 1969, c. 154, §F/§1 (NEW).]

SECTION HISTORY

P&SL 1969, c. 154, §F1 (NEW). PL 1977, c. 686, §9 (AMD). PL 1981, c. 463, §C2 (AMD). PL 1981, c. 706, §§33-35 (AMD). PL 1983, c. 519, §25 (AMD). PL 1983, c. 798 (AMD). PL 1983, c. 828, §22 (AMD). PL 1983, c. 855, §§15-17 (AMD). PL 1985, c. 344, §97 (AMD). PL 1985, c. 506, §A78 (AMD). PL 1985, c. 737, §A102 (AMD). PL 1987, c. 504, §§9,10 (AMD). PL 1987, c. 739, §§44-48 (AMD). PL 1987, c. 772, §36 (AMD). PL 1989, c. 502, §A136 (AMD). PL 1989, c. 508, §§16-18 (AMD). PL 1989, c. 556, §§B7,B10 (AMD). PL 1989, c. 880, §§G1-4 (AMD). RR 1991, c. 2, §§136-138 (COR). PL 1991, c. 528, §§N5,7 (AMD). PL 1991, c. 528, §§N6,8,RRR (AFF). PL 1991, c. 591, §§N5,7 (AMD). PL 1991, c. 591, §§N6,8 (AFF). PL 1995, c. 368, §§GGG1-3 (AMD). PL 1995, c. 639, §§15-17 (AMD). PL 1995, c. 641, §§1-3 (AMD). PL 1995, c. 641, §7 (AFF). RR 1997, c. 2, §§58-60 (COR). RR 1997, c. 2, §61 (AFF). PL 1997, c. 127, §2 (AMD). PL 1997, c. 557, §§B4-6 (AMD). PL 1997, c. 557, §G1 (AFF). PL 1997, c. 732, §§5-7 (AMD). PL 1997, c. 746, §§1-6 (AMD). PL 1997, c. 746, §24 (AFF). PL 1999, c. 414, §40 (AMD). PL 1999, c. 414, §57 (AFF). PL 1999, c. 520, §§2-4 (AMD). PL 1999, c. 520, §5 (AFF). PL 1999, c. 521, §§C3-6 (AMD). PL 1999, c. 521, §C9 (AFF). PL 1999, c. 708, §§34-36 (AMD). PL 1999, c. 731, §§S1-3,X1-3 (AMD). PL 1999, c. 731, §§S4,X4,5 (AFF). PL 1999, c. 790, §A49 (AMD). PL 2001, c. 177, §§1,2 (AMD). PL 2001, c. 358, §§CC1-3 (AMD). PL 2001, c. 358, §CC4 (AFF). PL 2001, c. 396, §34 (AMD). PL 2001, c. 396, §50 (AFF). PL 2001, c. 439, §KK1 (AMD). PL 2001, c. 439, §KK2 (AFF). PL 2001, c. 559, §GG26 (AFF). PL 2001, c. 559, §§J1,2,GG8-12 (AMD). PL 2001, c. 583, §15 (AMD). PL 2001, c. 679, §§3,4 (AMD). PL 2001, c. 679, §6 (AFF). PL 2001, c. 700, §§3,4 (AMD). PL 2001, c. 700, §10 (AFF). PL 2001, c. 714, §§AA2-4 (AMD). RR 2003, c. 1, §§37,38 (COR). RR 2003, c. 2, §117 (COR). PL 2003, c. 20, §§EE1,2,II1, 2 (AMD). PL 2003, c. 390, §§27-33 (AMD). PL 2003, c. 390, §53 (AFF). PL 2003, c. 391, §5 (AMD). PL 2003, c. 451, §§E6,II1,2, KK1 (AMD). PL 2003, c. 479, §§2,3 (AMD). PL 2003, c. 588, §§14,15 (AMD). PL 2003, c. 688, §§A40,41 (AMD). PL 2003, c. 705, §§8-12 (AMD). PL 2003, c. 705, §14 (AFF). PL 2005, c. 12, §§L1,P2-4 (AMD). PL 2005, c. 12, §P10 (AFF). PL 2005, c. 218, §§51-53 (AMD). PL 2005, c. 416, §§1-3 (AMD). PL 2005, c. 519, §§CC1, LLL1-3 (AMD). PL 2005, c. 519, §§LLL4,NNN3 (AFF). PL 2005, c. 519, Pt. NNN, §§1, 2 (AMD). PL 2005, c. 622, §§26-30 (AMD). PL 2005, c. 622, §33 (AFF). PL 2005, c. 644, §§5-7 (AMD). RR 2007, c. 2, §§22-24 (COR). PL 2007, c. 58, §3 (REV). PL 2007, c. 240, Pt. CCC, §2 (AMD). PL 2007, c. 240, Pt. CCC, §4 (AFF). PL 2007, c. 437, §§15-17 (AMD). PL 2007, c. 437, §22 (AFF). PL 2007, c. 466, Pt. A, §§65-69 (AMD). PL 2007, c. 466, Pt. A, §70 (AFF). PL 2007, c. 539, Pt. CCC, §§2-8 (AMD). PL 2007, c. 689, §§1-3 (AMD). PL 2007, c. 689, §4 (AFF). RR 2009, c. 1, §§26-28 (COR). RR 2009, c. 2, §§109-113 (COR). PL 2009, c. 213, Pt. BBBB, §§2-8 (AMD). PL 2009, c. 213, Pt. BBBB, §17 (AFF). PL 2009, c. 213, Pt. ZZZ, §§1-5 (AMD). PL 2009, c. 434, §§64-69 (AMD). PL 2009, c. 434, §84 (AFF). PL 2009, c. 496, §§21, 22 (AMD). PL 2009, c. 553, Pt. B, §1 (AMD). PL 2009, c. 553, Pt. B, §5 (AFF). PL 2009, c. 625, §12 (AMD). PL 2009, c. 625, §15 (AFF). RR 2011, c. 1, §§54-56 (COR). PL 2011, c. 90, Pt. H, §§1-3 (AMD). PL 2011, c. 90, Pt. H, §8 (AFF). PL 2011, c. 138, §§1-3 (AMD). PL 2011, c. 138, §4 (AFF). PL 2011, c. 240, §§30, 31 (AMD). PL 2011, c. 380, Pt. O, §§2-8 (AMD). PL 2011, c. 454, §9 (AMD). PL 2011, c. 548, §24 (AMD). PL 2011, c. 548, §36 (AFF). PL 2011, c. 644, §§13-19 (AMD). PL 2011, c. 644, §§32, 33 (AFF). PL 2011, c. 657, Pt. M, §1 (AMD). PL 2011, c. 657, Pt. M, §2 (AFF). PL 2011, c. 657, Pt. R, §§1, 2 (AMD). PL 2011, c. 657, Pt. R, §3 (AFF). PL 2011, c. 657, Pt. W, §§5, 7 (REV). RR 2013, c. 1, §52 (COR). PL 2013, c. 331, Pt. A, §4 (AMD). PL 2013, c. 331, Pt. A, §5 (AFF). PL 2013, c. 331, Pt. C, §§32, 33 (AMD). PL 2013, c. 331, Pt. C, §40 (AFF). PL 2013, c. 368, Pt. TT, §§2-8 (AMD). PL 2013, c. 405, Pt. A, §23 (REV). PL 2013, c. 424, Pt. A, §26 (AMD). PL 2013, c. 525, §14 (AMD). PL 2013, c. 546, §§13, 14 (AMD). PL 2013, c. 588, Pt. A, §46 (AMD). PL 2013, c. 588, Pt. A, §47 (AFF). PL 2015, c. 1, §§2-7 (AMD). RR 2015, c. 1, §§40, 41 (COR).

PL 2015, c. 267, Pt. DD, §§8-12 (AMD). PL 2015, c. 267, Pt. DD, §34 (AFF). PL 2015, c. 300, Pt. A, §§39, 40 (AMD). PL 2015, c. 328, §3 (AMD). PL 2015, c. 382, §§1-3 (AMD). PL 2015, c. 388, Pt. A, §§2-8 (AMD). PL 2015, c. 388, Pt. A, §16 (AFF). PL 2015, c. 390, §8 (AMD). PL 2015, c. 490, §§5-7 (AMD). PL 2015, c. 494, Pt. B, §5 (AMD). PL 2017, c. 170, Pt. D, §§1-4 (AMD). PL 2017, c. 170, Pt. E, §§1-2 (AMD). PL 2017, c. 170, Pt. H, §§1-3 (AMD). PL 2017, c. 211, Pt. D, §1 (AMD). PL 2017, c. 375, Pt. C, §1 (AMD). PL 2017, c. 452, §31 (AMD). PL 2017, c. 474, Pt. C, §§1-3 (AMD). PL 2017, c. 474, Pt. F, §8 (AMD). PL 2019, c. 348, §3 (AMD). PL 2019, c. 379, Pt. C, §3 (AMD). PL 2019, c. 401, Pt. C, §5 (AMD). PL 2019, c. 401, Pt. C, §16 (AFF). PL 2019, c. 527, Pt. A, §§1, 2 (AMD). PL 2019, c. 530, Pt. C, §1 (AMD). RR 2019, c. 1, Pt. A, §§68-71 (COR). PL 2019, c. 659, Pt. I, §1 (AMD). PL 2021, c. 1, Pt. D, §§1, 2 (AMD). PL 2021, c. 1, Pt. E, §§1, 2 (AMD). PL 2021, c. 1, Pt. H, §§1, 2 (AMD). PL 2021, c. 1, Pt. H, §5 (AFF). PL 2021, c. 1, Pt. X, §1 (AMD). PL 2021, c. 1, Pt. Z, §1 (AMD). PL 2021, c. 181, Pt. A, §5 (AMD). PL 2021, c. 366, §34 (AMD). PL 2021, c. 635, Pt. G, §1 (AMD). PL 2021, c. 635, Pt. H, §§16, 17 (AMD). PL 2021, c. 635, Pt. H, §18 (AFF). PL 2021, c. 635, Pt. DDD, §1 (AMD). PL 2021, c. 681, Pt. G, §§3, 4 (AMD). PL 2021, c. 681, Pt. G, §6 (AFF). PL 2021, c. 707, §1 (AMD). RR 2021, c. 2, Pt. A, §127 (COR). PL 2023, c. 360, Pt. B, §§2-7 (AMD). PL 2023, c. 412, Pt. ZZZ, §2 (AMD). PL 2023, c. 441, Pt. C, §§3, 4 (AMD). PL 2023, c. 441, Pt. C, §11 (AFF). PL 2023, c. 444, §2 (AMD). PL 2023, c. 523, Pt. B, §§1-3 (AMD). PL 2023, c. 679, Pt. C, §14 (AMD). PL 2025, c. 113, Pt. C, §2 (AMD). PL 2025, c. 271, Pt. C, §2 (AMD). PL 2025, c. 337, §1 (AMD). PL 2025, c. 388, Pt. H, §1 (AMD). PL 2025, c. 452, §1 (AMD). PL 2025, c. 455, §1 (AMD). RR 2025, c. 1, Pt. A, §55 (COR).

§5123. Deduction

(REPEALED)

SECTION HISTORY

P&SL 1969, c. 154, §F1 (NEW). PL 1987, c. 819, §5 (RP).

§5124. Standard deduction; resident

(REPEALED)

SECTION HISTORY

P&SL 1969, c. 154, §F1 (NEW). PL 1975, c. 660, §7 (RPR). PL 1975, c. 765, §27 (AMD). PL 1977, c. 477, §16 (RP).

§5124-A. Standard deduction; resident before 2016

(REPEALED)

SECTION HISTORY

PL 1977, c. 477, §17 (NEW). IB 1981, c. 2, §2 (AMD). PL 1983, c. 3, §2 (AMD). PL 1985, c. 535, §15 (RPR). PL 1987, c. 497, §§48,49 (AMD). PL 1987, c. 819, §6 (RPR). PL 1989, c. 495, §§2,9 (RPR). PL 1989, c. 596, §J7 (AMD). PL 2003, c. 20, §HH1 (RPR). PL 2003, c. 479, §4 (AMD). PL 2005, c. 12, §P5 (AMD). PL 2009, c. 213, Pt. BBBB, §9 (AMD). PL 2009, c. 213, Pt. BBBB, §17 (AFF). PL 2011, c. 380, Pt. N, §7 (AMD). PL 2011, c. 380, Pt. N, §§19, 20 (AFF). PL 2013, c. 368, Pt. TT, §9 (AMD). PL 2015, c. 267, Pt. DD, §13 (AMD). PL 2015, c. 267, Pt. DD, §34 (AFF). PL 2023, c. 412, Pt. ZZZ, §3 (RP).

§5124-B. Standard deduction; resident on or after January 1, 2016 but before January 1, 2018

For tax years beginning on or after January 1, 2016 but before January 1, 2018, the standard deduction of a resident individual is equal to the sum of the basic standard deduction and any additional standard deduction, subject to the phase-out under subsection 3. [PL 2017, c. 474, Pt. B, §1 (AMD).]

1. Basic standard deduction. The basic standard deduction is:

A. For single individuals and married persons filing separate returns, the basic standard deduction is \$11,600; [PL 2015, c. 267, Pt. DD, §14 (NEW).]

B. For individuals filing as heads of household, the basic standard deduction is the amount allowed under paragraph A multiplied by 1.5; and [PL 2015, c. 267, Pt. DD, §14 (NEW).]

C. For individuals filing married joint returns or surviving spouses, the basic standard deduction is the amount allowed under paragraph A multiplied by 2. [PL 2015, c. 267, Pt. DD, §14 (NEW).]

[PL 2015, c. 267, Pt. DD, §14 (NEW).]

2. Additional standard deduction. The additional standard deduction is the amount allowed under the Code, Section 63(c)(3).

[PL 2015, c. 267, Pt. DD, §14 (NEW).]

3. Phase-out. The total standard deduction of the taxpayer determined in accordance with subsections 1 and 2 must be reduced by an amount equal to the total standard deduction multiplied by the following fraction:

A. For single individuals and married persons filing separate returns, the numerator is the taxpayer's Maine adjusted gross income less \$70,000, except that the numerator may not be less than zero, and the denominator is \$75,000. In no case may the fraction contained in this paragraph produce a result that is more than one; [PL 2017, c. 474, Pt. B, §1 (AMD).]

B. For individuals filing as heads of households, the numerator is the taxpayer's Maine adjusted gross income less \$105,000, except that the numerator may not be less than zero, and the denominator is \$112,500. In no case may the fraction contained in this paragraph produce a result that is more than one; or [PL 2017, c. 474, Pt. B, §1 (AMD).]

C. For individuals filing married joint returns or surviving spouses, the numerator is the taxpayer's Maine adjusted gross income less \$140,000, except that the numerator may not be less than zero, and the denominator is \$150,000. In no case may the fraction contained in this paragraph produce a result that is more than one. [PL 2017, c. 474, Pt. B, §1 (AMD).]

[PL 2017, c. 474, Pt. B, §1 (AMD).]

SECTION HISTORY

PL 2015, c. 267, Pt. DD, §14 (NEW). PL 2017, c. 170, Pt. D, §§5, 6 (AMD). PL 2017, c. 474, Pt. B, §1 (AMD).

§5124-C. Standard deduction; resident on or after January 1, 2018

1. Amount; before January 1, 2020. For tax years beginning on or after January 1, 2018 and before January 1, 2020, the standard deduction of a resident individual is equal to the standard deduction as determined in accordance with the Code, Section 63, subject to the phase-out under subsection 2.

[PL 2019, c. 616, Pt. X, §2 (AMD).]

1-A. Amount; before January 1, 2026. For tax years beginning on or after January 1, 2020 and before January 1, 2026, the standard deduction of a resident individual is equal to the federal standard deduction, subject to the phase-out under subsection 2.

[PL 2023, c. 412, Pt. ZZZ, §4 (AMD).]

1-B. Amount; on or after January 1, 2026. For tax years beginning on or after January 1, 2026, the standard deduction of a resident individual is equal to the sum of the basic standard deduction and the additional standard deduction, subject to the phase-out under subsection 2.

A. The basic standard deduction is:

- (1) For single individuals and married persons filing separate returns, \$12,000;

(2) For individuals filing as heads of households, the amount allowed under subparagraph (1) multiplied by 1.5; and

(3) For individuals filing married joint returns or surviving spouses, the amount allowed under subparagraph (1) multiplied by 2. [PL 2023, c. 412, Pt. ZZZ, §5 (NEW).]

B. The additional standard deduction is the amount allowed under the Code, Section 63(c)(3). [PL 2023, c. 412, Pt. ZZZ, §5 (NEW).]
[PL 2023, c. 412, Pt. ZZZ, §5 (NEW).]

2. Phase-out. The standard deduction of the taxpayer must be reduced by an amount equal to the total standard deduction multiplied by the following fraction:

A. For single individuals and married persons filing separate returns, the numerator is the taxpayer's Maine adjusted gross income less \$80,000, except that the numerator may not be less than zero, and the denominator is \$75,000. In no case may the fraction calculated pursuant to this paragraph produce a result that is more than one. The \$80,000 amount used to calculate the numerator in this paragraph must be adjusted for inflation in accordance with section 5403, subsection 4; [PL 2017, c. 474, Pt. B, §2 (NEW).]

B. For individuals filing as heads of households, the numerator is the taxpayer's Maine adjusted gross income less \$120,000, except that the numerator may not be less than zero, and the denominator is \$112,500. In no case may the fraction calculated pursuant to this paragraph produce a result that is more than one. The \$120,000 amount used to calculate the numerator in this paragraph must be adjusted for inflation in accordance with section 5403, subsection 4; or [PL 2017, c. 474, Pt. B, §2 (NEW).]

C. For individuals filing married joint returns or surviving spouses permitted to file a joint return, the numerator is the taxpayer's Maine adjusted gross income less \$160,000, except that the numerator may not be less than zero, and the denominator is \$150,000. In no case may the fraction calculated pursuant to this paragraph produce a result that is more than one. The \$160,000 amount used to calculate the numerator in this paragraph must be adjusted for inflation in accordance with section 5403, subsection 4. [PL 2017, c. 474, Pt. B, §2 (NEW).]

[PL 2017, c. 474, Pt. B, §2 (NEW).]

SECTION HISTORY

PL 2017, c. 474, Pt. B, §2 (NEW). PL 2019, c. 616, Pt. X, §§2, 3 (AMD). PL 2023, c. 412, Pt. ZZZ, §§4, 5 (AMD).

§5125. Itemized deductions

1. General. An individual who has claimed itemized deductions from federal adjusted gross income in determining the individual's federal taxable income for the taxable year may claim itemized deductions from Maine adjusted gross income as provided in this section.

A. [PL 1987, c. 819, §7 (RP).]

B. [PL 1987, c. 819, §7 (RP).]

[PL 2003, c. 390, §34 (AMD).]

2. Spouses. Spouses, both of whom are required to file returns under this Part, are allowed to claim itemized deductions from Maine adjusted gross income only if both do so. Their total itemized deductions from federal adjusted gross income, as modified by subsection 3, may be taken by either spouse or divided between them, as they may elect, if their federal income tax is determined on a joint return but their tax under this Part is determined on separate returns. The total itemized deductions from Maine adjusted gross income claimed on a return may not exceed the limitation amount in subsection 4.

[PL 2013, c. 368, Pt. TT, §10 (AMD); PL 2013, c. 368, Pt. TT, §20 (AFF).]

3. Amount. The sum of an individual's itemized deductions from federal adjusted gross income must be:

A. Reduced by any amount attributable to income taxes or sales and use taxes imposed by this State or any other taxing jurisdiction; [PL 2005, c. 12, Pt. P, §6 (AMD); PL 2005, c. 12, Pt. P, §10 (AFF).]

A-1. Increased by the amount of property taxes not claimed under the Code, Section 164(a)(1) and (2) as a result of the limitation under the Code, Section 164(b)(6)(B); [PL 2017, c. 474, Pt. B, §3 (NEW); PL 2017, c. 474, Pt. B, §26 (AFF).]

B. Increased by any amount of interest or expense incurred in the production of income taxable under this Part but exempt from federal income tax that was not deducted in determining the individual's federal taxable income; [PL 2003, c. 390, §34 (AMD).]

C. Reduced by any amount of deduction attributable to income taxable to financial institutions under chapter 819; and [PL 2017, c. 211, Pt. D, §2 (AMD).]

D. Reduced by any amount attributable to interest or expenses incurred in the production of income exempt from tax under this Part. [PL 2017, c. 211, Pt. D, §3 (AMD).]

E. [PL 2015, c. 494, Pt. A, §47 (RP).]

F. [PL 2011, c. 380, Pt. N, §10 (RP); PL 2011, c. 380, Pt. N, §§19, 20 (AFF).]

G. [PL 2017, c. 211, Pt. D, §4 (RP).]

[PL 2017, c. 474, Pt. B, §3 (AMD); PL 2017, c. 474, Pt. B, §26 (AFF).]

4. Limitation. The total itemized deductions from Maine adjusted gross income claimed on a return may not exceed \$28,350, except the limitation does not apply to medical and dental expenses included in an individual's itemized deductions from federal adjusted gross income. [PL 2015, c. 390, §9 (AMD).]

5. Charitable contributions.

[PL 2015, c. 267, Pt. DD, §18 (RP).]

6. Phase-out. For tax years beginning on or after January 1, 2016 but before January 1, 2018, the total itemized deductions of the taxpayer determined in accordance with subsections 1 through 4 must be reduced by an amount equal to the total itemized deductions multiplied by the following fraction:

A. For single individuals and married persons filing separate returns, the numerator is the taxpayer's Maine adjusted gross income less \$70,000, except that the numerator may not be less than zero, and the denominator is \$75,000. In no case may the fraction contained in this paragraph produce a result that is more than one; [PL 2017, c. 474, Pt. B, §4 (AMD).]

B. For individuals filing as heads of households, the numerator is the taxpayer's Maine adjusted gross income less \$105,000, except that the numerator may not be less than zero, and the denominator is \$112,500. In no case may the fraction contained in this paragraph produce a result that is more than one; or [PL 2017, c. 474, Pt. B, §4 (AMD).]

C. For individuals filing married joint returns or surviving spouses, the numerator is the taxpayer's Maine adjusted gross income less \$140,000, except that the numerator may not be less than zero, and the denominator is \$150,000. In no case may the fraction contained in this paragraph produce a result that is more than one. [PL 2017, c. 474, Pt. B, §4 (AMD).]

[PL 2017, c. 474, Pt. B, §4 (AMD).]

7. Phase-out. For tax years beginning on or after January 1, 2018, the total itemized deductions of the taxpayer determined in accordance with subsections 1 through 4 must be reduced by an amount equal to the total itemized deductions multiplied by the following fraction:

A. For single individuals and married persons filing separate returns, the numerator is the taxpayer's Maine adjusted gross income less \$80,000, except that the numerator may not be less than zero, and the denominator is \$75,000. In no case may the fraction calculated pursuant to this paragraph produce a result that is more than one. The \$80,000 amount used to calculate the numerator in this paragraph must be adjusted for inflation in accordance with section 5403, subsection 4; [PL 2017, c. 474, Pt. B, §5 (NEW).]

B. For individuals filing as heads of households, the numerator is the taxpayer's Maine adjusted gross income less \$120,000, except that the numerator may not be less than zero, and the denominator is \$112,500. In no case may the fraction calculated pursuant to this paragraph produce a result that is more than one. The \$120,000 amount used to calculate the numerator in this paragraph must be adjusted for inflation in accordance with section 5403, subsection 4; or [PL 2017, c. 474, Pt. B, §5 (NEW).]

C. For individuals filing married joint returns or surviving spouses permitted to file a joint return, the numerator is the taxpayer's Maine adjusted gross income less \$160,000, except that the numerator may not be less than zero, and the denominator is \$150,000. In no case may the fraction calculated pursuant to this paragraph produce a result that is more than one. The \$160,000 amount used to calculate the numerator in this paragraph must be adjusted for inflation in accordance with section 5403, subsection 4. [PL 2017, c. 474, Pt. B, §5 (NEW).]

[PL 2017, c. 474, Pt. B, §5 (NEW).]

SECTION HISTORY

P&SL 1969, c. 154, §F1 (NEW). PL 1987, c. 819, §7 (RPR). PL 1995, c. 281, §§27,28 (AMD). PL 1999, c. 708, §37 (AMD). PL 2003, c. 390, §34 (AMD). PL 2005, c. 12, §P6 (AMD). PL 2005, c. 12, §P10 (AFF). PL 2007, c. 539, Pt. CCC, §§9-11 (AMD). PL 2011, c. 380, Pt. N, §§8-10 (AMD). PL 2011, c. 380, Pt. N, §§19, 20 (AFF). PL 2013, c. 368, Pt. TT, §§10, 11 (AMD). PL 2013, c. 368, Pt. TT, §20 (AFF). PL 2013, c. 590, §1 (AMD). PL 2013, c. 595, Pt. T, §1 (AMD). PL 2013, c. 595, Pt. T, §2 (AFF). PL 2015, c. 267, Pt. DD, §§15-18 (AMD). PL 2015, c. 340, §§1-3 (AMD). PL 2015, c. 340, §5 (AFF). PL 2015, c. 390, §9 (AMD). PL 2015, c. 494, Pt. A, §§45-47 (AMD). PL 2017, c. 170, Pt. D, §7 (AMD). PL 2017, c. 211, Pt. D, §§2-4 (AMD). PL 2017, c. 474, Pt. B, §§3-5 (AMD). PL 2017, c. 474, Pt. B, §26 (AFF).

§5126. Personal exemptions prior to 2018

For income tax years beginning on or after January 1, 1998 but before January 1, 1999, a resident individual is allowed \$2,400 for each exemption that the individual properly claims for the taxable year for federal income tax purposes, unless the taxpayer is claimed as a dependent on another return. For income tax years beginning on or after January 1, 1999 but before January 1, 2000, a resident individual is allowed \$2,750 for each exemption that the individual properly claims for the taxable year for federal income tax purposes, unless the taxpayer is claimed as a dependent on another return. For income tax years beginning on or after January 1, 2000 but before January 1, 2013, a resident individual is allowed \$2,850 for each exemption that the individual properly claims for the taxable year for federal income tax purposes, unless the taxpayer is claimed as a dependent on another return. For income tax years beginning on or after January 1, 2013 but before January 1, 2018, a resident individual is allowed a deduction equal to the total amount of deductions allowed for personal exemptions in accordance with the Code, Section 151. [PL 2017, c. 474, Pt. B, §6 (AMD).]

1. Single individuals and married persons filing separate returns.

[PL 1989, c. 878, Pt. D, §12 (RP).]

2. Heads of households.

[PL 1989, c. 878, Pt. D, §12 (RP).]

3. Individuals filing married joint return or surviving spouses.

[PL 1989, c. 878, Pt. D, §12 (RP).]

SECTION HISTORY

P&SL 1969, c. 154, §F1 (NEW). PL 1977, c. 686, §10 (AMD). PL 1979, c. 615, §4 (AMD). IB 1981, c. 2, §3 (AMD). PL 1983, c. 3, §3 (AMD). PL 1987, c. 504, §§11,12 (AMD). PL 1987, c. 772, §37 (AMD). PL 1987, c. 819, §8 (RPR). PL 1987, c. 892, §2 (AMD). PL 1989, c. 495, §§3,9 (RPR). PL 1989, c. 596, §J7 (AMD). PL 1989, c. 878, §D12 (RPR). PL 1997, c. 24, §E2 (AMD). PL 1997, c. 643, §§HHH4,5 (AMD). PL 1997, c. 643, §HHH10 (AFF). PL 1999, c. 401, §QQQ1 (AMD). PL 2001, c. 583, §16 (AMD). PL 2011, c. 380, Pt. N, §11 (AMD). PL 2011, c. 380, Pt. N, §19 (AFF). PL 2017, c. 474, Pt. B, §6 (AMD).

§5126-A. Personal exemptions on or after January 1, 2018

1. Amount. For income tax years beginning on or after January 1, 2018, a resident individual is allowed a personal exemption deduction for the taxable year equal to \$4,150, unless the individual may be claimed as a dependent on another return. A resident individual is allowed an additional personal exemption deduction for the taxable year equal to \$4,150 if the individual is married filing a joint return. For income tax years beginning on or after January 1, 2020, a resident individual is allowed an additional personal exemption deduction for the taxable year equal to \$4,150 if the individual is married and does not file a joint return, as long as the individual's spouse has no federal gross income during the taxable year and, notwithstanding the suspension of the exemption amount pursuant to the Code, Section 151(d)(5)(A), an exemption deduction would be allowed for the individual's spouse under the Code for the taxable year. No additional personal exemption deduction is allowed under this section if the individual's spouse may be claimed as a dependent on another return. The deduction allowed under this subsection is subject to the phase-out under subsection 2.

For purposes of this subsection, "dependent" has the same meaning as in the Code, Section 152.

[PL 2019, c. 659, Pt. C, §1 (AMD).]

2. Phase-out. The personal exemption deduction amount determined under subsection 1 must be reduced by an amount equal to the total personal exemption deduction amount multiplied by a fraction. The numerator of the fraction is the taxpayer's Maine adjusted gross income less the applicable amount, except that the numerator may not be less than zero, and the denominator is \$62,500 in the case of a married individual filing a separate return and \$125,000 in all other cases. In no case may the fraction contained in this subsection produce a result that is more than one. The applicable amount used to calculate the numerator in this subsection must be adjusted for inflation in accordance with section 5403, subsection 8.

For purposes of this subsection, "applicable amount" means:

- A. For single individuals, \$266,700; [PL 2017, c. 474, Pt. B, §7 (NEW).]
- B. For individuals filing as heads of households, \$293,350; [PL 2017, c. 474, Pt. B, §7 (NEW).]
- C. For individuals filing married joint returns or surviving spouses, \$320,000; or [PL 2017, c. 474, Pt. B, §7 (NEW).]
- D. For married individuals filing separate returns, 1/2 of the applicable amount under paragraph C. [PL 2019, c. 501, §30 (AMD).]

[PL 2019, c. 501, §30 (AMD).]

SECTION HISTORY

PL 2017, c. 474, Pt. B, §7 (NEW). PL 2019, c. 501, §30 (AMD). PL 2019, c. 659, Pt. C, §1 (AMD).

§5127. Income tax credits

(REPEALED)

SECTION HISTORY

P&SL 1969, c. 154, §F1 (NEW). PL 1977, c. 424, §1 (RPR). PL 1979, c. 557, §1 (AMD). PL 1981, c. 411, §2 (AMD). PL 1981, c. 705, §§R2,R3 (AMD). PL 1981, c. 706, §36 (AMD). PL 1983, c. 571, §§22,23 (AMD). PL 1983, c. 840, §1 (AMD). PL 1985, c. 766, §1 (AMD). PL 1985, c. 783, §21 (AMD). PL 1987, c. 343, §10 (AMD). PL 1987, c. 504, §13 (RP). PL 1987, c. 769, §A158 (AMD).

§5128. Dual residence; reduction of tax

If the taxpayer is regarded as a resident of both this State and another jurisdiction for purposes of personal income taxation, the assessor shall reduce the tax on that portion of the taxpayer's income which is subjected to tax in both jurisdictions solely by virtue of dual residence, provided that the other taxing jurisdiction allows a similar reduction. The reduction shall be in an amount equal to that portion of the lower of the 2 taxes applicable to the income taxed twice which the tax imposed by this State bears to the combined taxes of the 2 jurisdictions on the income taxed twice. [PL 1979, c. 541, Pt. A, §232 (AMD).]

SECTION HISTORY

P&SL 1969, c. 154, §F1 (NEW). PL 1979, c. 541, §A232 (AMD).

**§5129. Credit for investment in The Maine Capital Corporation
(REPEALED)****SECTION HISTORY**

PL 1977, c. 531, §2 (NEW). PL 1981, c. 364, §65 (RP).

**§5130. Retirement credit
(REPEALED)****SECTION HISTORY**

PL 1977, c. 686, §11 (NEW). PL 1985, c. 691, §33 (AMD). PL 1987, c. 504, §14 (RP).

**§5131. Exemption credit
(REPEALED)****SECTION HISTORY**

PL 1987, c. 504, §15 (NEW). PL 1987, c. 819, §9 (RP).

§5132. Income or loss from sources on tribal land

1. General. The Maine adjusted gross income of a tribal member derived from or connected with sources on tribal land is the sum of the following amounts:

A. The net amount of items of income, gain, loss and deduction entering into the tribal member's federal adjusted gross income that are derived from or connected with sources on tribal land including:

- (1) The tribal member's distributive share of partnership or limited liability company income and deductions derived from or connected with sources on tribal land determined following the methods for sourcing income to this State under section 5192, except that subsections 2 to 6 of this section and not section 5142 apply under section 5192, subsection 1;
- (2) The tribal member's share of estate or trust income and deductions derived from or connected with sources on tribal land determined following the methods for sourcing income to this State under section 5176, except that subsections 2 to 6 of this section and not section 5142 apply under section 5176, subsection 1; and

(3) The tribal member's pro rata share of the income of an S corporation derived from or connected with sources on tribal land; and [PL 2021, c. 681, Pt. G, §5 (NEW).]

B. The portion of the modifications described in section 5122, subsections 1 and 2 that relates to income derived from or connected with sources on tribal land, including any modifications attributable to the tribal member as a partner of a partnership, shareholder of an S corporation, member of a limited liability company or beneficiary of an estate or trust. [PL 2021, c. 681, Pt. G, §5 (NEW).]

[PL 2021, c. 681, Pt. G, §5 (NEW).]

2. Attribution. Items of income, gain, loss and deduction derived from or connected with sources within tribal land are those items attributable to:

A. The ownership or disposition of any interest in real or tangible personal property on tribal land; [PL 2021, c. 681, Pt. G, §5 (NEW).]

B. A business, trade, profession or occupation carried on within tribal land; and [PL 2021, c. 681, Pt. G, §5 (NEW).]

C. Proceeds from any gambling activity conducted on tribal land or lottery tickets purchased on tribal land, including payments received from a 3rd party for the transfer of the rights to future proceeds related to any such gambling activity or lottery tickets, except that proceeds from Maine State Lottery tickets, including payments received from a 3rd party for the transfer of the rights to future proceeds related to the lottery tickets, are not derived from or connected with sources on tribal land. [PL 2021, c. 681, Pt. G, §5 (NEW).]

[PL 2021, c. 681, Pt. G, §5 (NEW).]

3. Intangibles. Income from intangible personal property including annuities, dividends, interest and gains from the disposition of intangible personal property constitutes income derived from sources within tribal land only to the extent that such income is from property employed in a business, trade, profession or occupation carried on within tribal land.

[PL 2021, c. 681, Pt. G, §5 (NEW).]

4. Gain or loss on sale of partnership interest. Notwithstanding subsection 3, the gain or loss on the sale of a partnership interest is sourced to tribal land in an amount equal to the gain or loss multiplied by the ratio obtained by dividing the original cost of partnership tangible property located on tribal land by the original cost of partnership tangible property everywhere, determined at the time of the sale. Tangible property includes property owned or rented and is valued in accordance with section 5211, subsection 10. If more than 50% of the value of the partnership's assets consists of intangible property, gain or loss from the sale of the partnership interest is sourced to tribal land in accordance with the property and payroll factors of the partnership for its first full tax period immediately preceding the tax period of the partnership during which the partnership interest was sold. For purposes of this subsection, the property and payroll factors of a partnership are determined in accordance with chapter 821. This subsection does not apply to the sale of a limited partner's interest in an investment partnership where more than 80% of the value of the partnership's total assets consists of intangible personal property held for investment, except that such property cannot include an interest in a partnership unless that partnership is itself an investment partnership.

If the apportionment provisions of this subsection do not fairly represent the extent of the partnership's business activity on tribal land, the taxpayer may petition for, or the State Tax Assessor may require, in respect to all or any part of the partnership's business activity the employment of any other method to effectuate an equitable apportionment to tribal land of the partner's income from the sale of the partnership interest.

[PL 2021, c. 681, Pt. G, §5 (NEW).]

5. Deductions for losses. Deductions with respect to capital losses, net long-term capital gains and net operating losses must be based solely on income, gains, losses and deductions derived from or connected with sources on tribal land, under regulations to be prescribed by the assessor, but otherwise must be determined in the same manner as the corresponding federal deductions.

[PL 2021, c. 681, Pt. G, §5 (NEW).]

6. Apportionment. If a business, trade, profession or occupation is carried on partly within and partly without tribal land, the items of income and deduction derived from or connected with sources within tribal land must be determined as apportioned to tribal land according to the following methods:

A. Except as provided in paragraph B, according to the methods for apportioning income to this State under chapter 821, except that instead of apportioning income to tribal land using the sales factor pursuant to section 5211, subsection 8, income is apportioned to tribal land by multiplying the income by a fraction, the numerator of which is the property factor plus the payroll factor and the denominator of which is 2; or [PL 2021, c. 681, Pt. G, §5 (NEW).]

B. In the case of the rendering of purely personal services by a tribal member, according to the methods established in regulations to be prescribed by the assessor. [PL 2021, c. 681, Pt. G, §5 (NEW).]

[PL 2021, c. 681, Pt. G, §5 (NEW).]

SECTION HISTORY

PL 2021, c. 681, Pt. G, §5 (NEW).

The State of Maine claims a copyright in its codified statutes. If you intend to republish this material, we require that you include the following disclaimer in your publication:

All copyrights and other rights to statutory text are reserved by the State of Maine. The text included in this publication reflects changes made through the First Special Session of the 132nd Maine Legislature and is current through October 1, 2025. The text is subject to change without notice. It is a version that has not been officially certified by the Secretary of State. Refer to the Maine Revised Statutes Annotated and supplements for certified text.

The Office of the Revisor of Statutes also requests that you send us one copy of any statutory publication you may produce. Our goal is not to restrict publishing activity, but to keep track of who is publishing what, to identify any needless duplication and to preserve the State's copyright rights.

PLEASE NOTE: The Revisor's Office cannot perform research for or provide legal advice or interpretation of Maine law to the public. If you need legal assistance, please contact a qualified attorney.