

**SCHEDULE 1S**  
**FORM 1040ME**  
**2022**

Attachment  
Sequence No. 5

**INCOME SUBTRACTION MODIFICATIONS**

See instructions on pages 7 through 8.  
Enclose with your Form 1040ME.

For more information, visit [www.maine.gov/revenue/tax-return-forms](http://www.maine.gov/revenue/tax-return-forms).



\*2202105\*

99

Name(s) as shown on Form 1040ME

Your Social Security Number



**DO NOT ENTER \$ signs, commas, or decimals.**

**SUBTRACTIONS from federal adjusted gross income.**

1.	U.S. Government Bond interest included in federal adjusted gross income. (See instructions.)	1.	<input type="text"/>	.00
2.	State income tax refund. (Only if included in federal adjusted gross income.)	2.	<input type="text"/>	.00
3.	Social Security and Railroad Retirement Benefits included in federal adjusted gross income. (See instructions.)	3.	<input type="text"/>	.00
4.	Pension income deduction. (Complete and attach the worksheet on back.) Check here if the amount on line 4 includes military retirement pay (from line 6 of the Worksheet for Pension Income Deduction)	4.	<input type="text"/>	.00
5.	Non-Maine active duty military pay received by a Maine resident and military compensation received by a nonresident of Maine. (See instructions.)	5.	<input type="text"/>	.00
6.	Military annuity payments made to a survivor of a deceased member of the military	6.	<input type="text"/>	.00
7.	Maine Public Employees Retirement System pick-up contributions paid to the taxpayer during 2022 which have been previously taxed by the state.	7.	<input type="text"/>	.00
8.	Fiduciary adjustment - subtractions only. (Attach a copy of your federal Schedule K-1.)	8.	<input type="text"/>	.00
9.	Bonus depreciation and section 179 recapture. (See instructions.)	9.	<input type="text"/>	.00
10.	Medical cannabis business expenses. (See instructions.) Enter your registration number or sales tax number: _____	10.	<input type="text"/>	.00
11.	Net operating loss recapture.	11.	<input type="text"/>	.00
12.	FAME nonprofit student loan repayment program.	12.	<input type="text"/>	.00
13.	Qualified health care student loan payments made by your employer.	13.	<input type="text"/>	.00
14.	Municipal property tax benefits for senior citizens	14.	<input type="text"/>	.00
15.	Family Development Account proceeds	15.	<input type="text"/>	.00
16.	Earnings on funds held in an ABLE savings account	16.	<input type="text"/>	.00
17.	Interest from Maine Municipal General Obligation Bonds, Private Activity Bonds, and Airport Authority Bonds included in federal adjusted gross income.	17.	<input type="text"/>	.00
18.	Amount of the reduction in your salaries and wages expense deduction related to claiming the federal Work Opportunity Credit or Empowerment Zone Credit	18.	<input type="text"/>	.00
19.	Earnings from fishing operations contributed to a capital construction fund	19.	<input type="text"/>	.00
20.	Northern Maine Transmission Corporation investment income.	20.	<input type="text"/>	.00
21.	Maine Space Corporation and Maine Waste Management & Recycling Program - interest income and capital gains from the sale of program bonds	21.	<input type="text"/>	.00



DO NOT ENTER \$ signs, commas, or decimals.

\*2202203\*

22. All items of income, gain, interest, dividends, royalties and other items of income of a pass-through financial institution due to an ownership share in the financial institution. EIN of financial institution: _____	22.		.00
23. The total of capital gains and ordinary income resulting from depreciation recapture from the sale of multi-family affordable housing property.....	23.		.00
24. Maine seed capital credit distributions from a private venture capital fund.....	24.		.00
25. Percentage of gain from the sale of eligible timberlands.....	25.		.00
26. Income recognized from the new markets capital investment credit.....	26.		.00
27. Business interest deduction recapture.....	27.		.00
28. Other. (Attach worksheet(s) - see instructions.).....	28.		.00
29. <b>Total Subtractions.</b> (Add lines 1 through 28 - enter here and on 1040ME, line 15b.).....	29.		.00

**2022 - Worksheet for Pension Income Deduction - Schedule 1S, Line 4**

Enclose this worksheet and copies of your 1099 form(s) with Form 1040ME.

The benefits received under a United States military retirement plan, including survivor benefits, are fully exempt from Maine income tax. See line 6 of the worksheet below. Only military retirement pay received as a result of service in the United States Army, Navy, Air Force, Marines, or Coast Guard qualify for the military retirement deduction on line 6.

In addition, you and your spouse (if married) may each deduct up to \$25,000 of other eligible pension income\* that is included in your federal adjusted gross income. The \$25,000 cap must be reduced by any social security and railroad retirement benefits received, whether taxable or not.

Deductible pension income, other than military retirement pay, includes state and federal pension benefits and retirement benefits received from plans established and maintained by an employer for the benefit of its employees under Internal Revenue Code (IRC) sections 401(a) (qualified pension plans, including qualified 401 SIMPLE plans), 401(k) (qualified cash or deferred arrangements) and 403 (employee annuities). Deductible pension income also includes benefits received from an individual retirement account under IRC section 408, Roth IRA accounts under IRC section 408A, SIMPLE individual retirement accounts under IRC section 408(k), simplified employee pension plans under IRC section 408(p), benefits received under IRC section 457(b) (state and local government/tax exempt organizations/eligible deferred compensation plans), **except** that pick-up contributions received from the Maine Public Employees Retirement System ("MainePERS") allowed to be deducted on Form 1040ME, Schedule 1S, line 7 and pension income from 457(b)

plans received prior to age 55 that is not part of a series of equal periodic payments made over the life of the recipient and the recipient's designated beneficiary, if applicable, may not be included in the deductible pension amount.

**Note that a conversion of benefits from one account to another does not qualify for the pension income deduction. For example, a deduction may not be taken when a taxpayer converts a traditional IRA to a Roth IRA. The taxpayer, in this case, does not receive a retirement or IRA benefit at the time of conversion.**

Pension benefits that **do not qualify** are those received from an ineligible deferred compensation plan under IRC section 457(f), refunds of excess contributions, lump-sum distributions included on federal Form 4972 and distributions subject to the additional 10% federal tax on early distributions. See federal Form 5329, Part 1, or federal Form 1040 or 1040-SR, Schedule 2, line 8. Also, disability benefits reported as wages on your federal income tax return do not qualify.

**\*Eligible pension income does not include benefits earned by another person, except in the case of a surviving spouse. Only the individual who earned the benefit from prior employment may claim the pension income for the deduction. However, a widowed spouse receiving survivor's benefits under an eligible pension plan may claim that amount for purposes of this deduction, but the total pension deduction for the surviving spouse may not exceed \$25,000.**

Note: Enter eligible <b>non-military</b> pension benefits on line 1 and eligible <b>military</b> retirement pay on line 6.		Taxpayer	Spouse*
1. Total eligible <b>non-military</b> pension income (both Maine and non-Maine sources) included in your federal adjusted gross income (from federal Form 1040, lines 4b and 5b or Form 1040-SR, lines 4b and 5b). CAUTION: Include only deductible pension benefits that are <u>not</u> specifically excluded. See the instructions above.	1.	\$	\$
2. Maximum allowable deduction.	2.	\$25,000.00	\$25,000.00
3. Total social security and railroad retirement benefits you received - whether taxable or not.	3.	\$	\$
4. Subtract line 3 from line 2 (if zero or less, enter zero).	4.	\$	\$
5. Enter the smaller of line 1 or line 4 here.	5.	\$	\$
6. Total eligible <b>military</b> retirement pay included in your federal adjusted gross income (from federal Form 1040, lines 4b and 5b or Form 1040-SR, lines 4b and 5b).	6.	\$	\$
7. Add line 5 and line 6 and enter the total for both spouses on Schedule 1S, line 4.	7.	\$	\$

**\*Use this column only if you are married filing jointly and only if your spouse separately earned an eligible pension.**