



Maine Revenue Services

Withholding Tables for Individual Income Tax

The tables in this book have been adjusted for inflation.

Income Tax Withholding Questions?

Email: withholding.tax@maine.gov
or

Call: (207) 626-8475 (select 1, then option 4)

Electronic Filing Required. Beginning in 2011, all employers and non-wage payers registered for Maine income tax withholding must electronically file Maine quarterly tax returns and annual reconciliation of Maine income tax withholding. Waivers from this requirement are available if the requirement causes undue hardship. See MRS Rule 104 at www.maine.gov/revenue/rules and page 5 for details.

Electronic Payments Required. Beginning in 2011, taxpayers that have a combined tax liability for all Maine taxes of \$18,000 or more during the lookback period ending in 2010 must remit all Maine tax payments electronically. Thus, in addition to other entities affected by the requirement, employers and non-wage payers required to remit on a semiweekly basis must do so electronically. See MRS Rule 102 at www.maine.gov/revenue/rules and pages 2 and 5 for details.

IMPORTANT INFORMATION

Nonresident aliens. To calculate the proper Maine income tax withholding for nonresident alien employees, an employer must now increase wages by an adjustment related to the applicable standard deduction amount. For more information, see instructions on pages 4 and 6.

Certain Spouses of nonresident military personnel exempt from Maine withholding. Under federal law, income of a nonresident military spouse for the performance of services in Maine is generally not subject to Maine income taxation. The income not subject to Maine income tax is also not subject to Maine income tax withholding. To take advantage of the exemption from Maine withholding, the eligible spouse must check line 6e on Form W-4ME. For more information, see the instructions for Maine Form W-4ME available at www.maine.gov/revenue/forms/with/2011.htm.

MISSION STATEMENT

The mission of Maine Revenue Services is to serve the citizens of Maine by administering the tax laws of the State effectively and professionally in order to provide the revenues necessary to support Maine government. To accomplish this mission, we will:

- Foster voluntary compliance with the tax laws by providing clear, complete, accurate, and timely guidance to taxpayers to help them understand and meet their responsibilities under the law.
- Maintain the highest standards of integrity, fairness, confidentiality and courtesy in everything we do.

Visit the Maine Revenue Services web site at www.maine.gov/revenue for downloadable forms and important tax information.



Use EZ Pay

www.maine.gov/revenue

ELECTRONIC PAYMENT OPTIONS

Maine Revenue Services (“MRS”) offers a convenient 24-hour electronic payment option called **EZ Pay**. You can access **EZ Pay** on our web site at www.maine.gov/revenue/netfile/ezpay.htm. Almost any type of tax payment can be made, including withholding and unemployment taxes. To avoid having to make payments earlier than necessary, payments may be scheduled in advance and will automatically be withdrawn on the payment date you select.

To use **EZ Pay**, simply register online at the time you want to make your first payment. Once registered, the system will ask you to select the tax type you want to pay. If you are making a semiweekly payment, select “900ME Withholding Semiweekly Payment.” If you are paying a tax balance due with your quarterly combined return, select “941/C1-ME Combined Withholding/Unemployment Payment.” If you are paying a balance due from a bill or notice that you received from MRS, select “Bill Payment.” If you make semiweekly payments electronically, do not send paper copies of Form 900ME to MRS.

MRS accepts both ACH credit method and ACH Teledebit payments for combined income tax withholding and unemployment contributions quarterly returns. Both ACH payment methods require registration applications to participate. Payroll processing companies must remit electronically for all clients, even if clients are not mandated to pay electronically. A payroll processing company may request a waiver from this requirement for good cause. MRS also encourages voluntary participation in the **EZ Pay** program by those not required to pay electronically. There are no payment minimums.

ACH Credit. A taxpayer may make payments using this method by authorizing their bank to withdraw the tax payment from the taxpayer’s deposit account and transfer it to the state’s account. You must have previously established a relationship with a bank that provides this service (generally larger commercial banks) and you must have previously registered with the MRS EFT Unit as a credit method payer.

ACH Teledebit. A taxpayer may make payments using this method by authorizing MRS to electronically transfer tax payments from the taxpayer’s deposit account to the MRS deposit account. The

authorization is initiated through a telephone call to the MRS electronic withdrawal payment system (207-287-8276). This telephone payment system allows taxpayers to arrange for debit payments with effective dates up to 15 days in the future. The amount due shown on the return you filed will be deducted from your account within 3 business days from the date you authorize the transfer.

Penalty for Insufficient Funds. The penalty for insufficient funds applies to electronic funds transfers. The penalty is \$20 or 1% of the payment amount, whichever is greater.

Penalty for Failure to Pay by Electronic Funds Transfer. Any person required to pay by electronic funds transfer who fails to do so is liable for a penalty equal to the lesser of 5% of the tax due or \$5,000.

For more information, an application or a copy of Rule 102, visit www.maine.gov/revenue and select Electronic Services; send an email to efunds.transfer@maine.gov; send a fax to (207) 287-6975; call (207) 287-8276; or write to:

EFT Unit
Maine Revenue Services
PO Box 1060
Augusta, ME 04332-1060.

PAYROLL PROCESSING COMPANIES

Payroll processors must register annually with, and be licensed by the Bureau of Consumer Credit Protection. For more information on the licensing requirements, contact the Superintendent, Bureau of Consumer Credit Protection by phone (207) 624-8527, by fax (207) 582-7699 or by writing: 35 State House Station, Augusta, ME 04333.

PASS-THROUGH ENTITIES

In addition to employee withholding, pass-through entities (partnerships, S corporations, LLCs) with nonresident members (partners, shareholders, etc.) must withhold income taxes from those nonresident members on Maine-source distributive income. The income tax withheld must be remitted to the state quarterly. Certain exemptions apply. Pass-through entities must withhold income taxes at the highest Maine rate -- **do not use this booklet to calculate withholding for nonresident members**. For more information, see Form 941P at www.maine.gov/revenue/forms.

Dos and Don'ts for Clients of Payroll Processors in Maine:

Using the services of a payroll processor can be a convenient and economical way for an employer or non-wage filer to file and pay withholding taxes. However, employers or non-wage filers face certain risks associated with the use of a processor, including possible lack of compliance and the risk of loss of funds that are under the control of the processor. Ultimately, it is the employer or non-wage filer that bears the responsibility for meeting its payroll tax obligations. **If you are an employer or non-wage filer that uses the services of a payroll processor, you should take the following precautions:**

- ✓ Educate yourself to understand your filing requirements and the risks associated with using a payroll processor.
- ✓ Verify with the Bureau of Consumer Credit Protection by phone (207) 624-8527, by fax (207) 582-7699 or by writing: 35 State House Station, Augusta, ME 04333 that the processor is licensed and has provided proof of liability insurance to protect client funds, including coverage for crimes such as fraud and theft. If the processor has access to your company’s funds, verify with the state that the processor has also posted a surety bond.
- ✓ Obtain verification from the payroll processor and its insurer that the processor’s liability insurance will remain in effect for a specified period of time.
- ✓ Read your contract with your processor carefully.
- ✓ Ensure that the agreement/contract and any power of attorney that your processor has with you specifically requires that all notices sent by the IRS and state tax agencies be sent directly to you.
- ✓ Never hesitate to contact tax authorities directly when you feel it necessary.
- ✓ Check with the appropriate tax agency periodically to ensure that returns and payments are filed in a timely manner.
- ✓ Insist on verification from your processor that any problem for which the employer has received a tax agency notice has been resolved.
- ✓ Never assume that everything is fine solely because you have not received notice of any problems.
- ✓ Never sign a tax return before it is completed.
- ✓ Require that the processor provide copies of returns, not just summaries, at the time of filing.
- ✓ If you are using a nationwide payroll service, be sure you are assigned a direct contact person and telephone number.

**Maine Revenue Services
P.O. Box 1061
Augusta, Maine 04332-1061**

Phone

General Information: (207) 626-8475
(select 1, then option 4)

Payment or Collection Questions: (207) 624-9595

Central Registration Unit: (207) 621-5129

Address

Web site : www.maine.gov/revenue

Email : withholding.tax@maine.gov

EMPLOYER TAX CALENDAR

<u>Return</u>	<u>Form Number</u>	<u>Due Date</u>
SEMIWEEKLY PAYMENTS OF WITHHELD INCOME TAXES	900ME	<p>If your Withholding Tax Remittance Frequency is semiweekly and wages or non-wages are paid on Wednesday, Thursday or Friday, payment of withheld income taxes is due the following Wednesday. If the wages or non-wages are paid on Saturday, Sunday, Monday or Tuesday, the payment of withheld income taxes is due the following Friday.</p> <p>Note: Beginning in 2011, employers and non-wage payers required to pay Maine income tax withholding on a semiweekly basis must do so electronically. See MRS Rule 102 at www.maine.gov/revenue/rules and pages 2 and 5 for details.</p>
QUARTERLY RETURN OF INCOME TAX WITHHOLDING AND UNEMPLOYMENT CONTRIBUTIONS	941ME, 941/C1-ME	<p>These forms must be filed by all employers or non-payroll filers registered to remit income tax withholding and/or unemployment insurance contributions. The forms are used to report income taxes withheld and/or unemployment contributions for the quarter, to reconcile payments of income taxes withheld made during the quarter and to make payment for any balance due for income taxes withheld and/or unemployment contributions. The quarterly return is due the last day of the month following the end of each calendar quarter, even if there is no withholding tax or unemployment contributions to report. Employers or non-payroll filers are required to complete the withholding detail pages on the quarterly return. An employer or non-payroll filer who is not able to comply with this requirement must obtain a waiver from Maine Revenue Services.</p>
ANNUAL RECONCILIATION	W-3ME	Due February 28 of the following year or at termination of business.
WAGE AND TAX STATEMENT OR INFORMATION STATEMENT	W-2, 1098, 1099, 5498, etc.	Furnish payee the applicable statement by January 31 or within 30 days after last payment of wages or termination of employment, if the statement is requested in writing.

INSTRUCTIONS

1. Introduction. The Maine withholding tax system operates in much the same manner as the federal system. Employers or non-payroll filers must withhold Maine income tax from their employees'/payees' earnings and remit the withheld funds to Maine Revenue Services. The law also requires withholding from non-wage payments, such as distributions from pensions and annuities, and certain other payments when there is federal withholding.

In these instructions, "person" means an individual, firm, partnership, association, society, club, corporation, estate, trust, business trust, receiver, assignee, the state or federal government or any other political subdivision or agency of either government, or any other group or combination thereof acting as a unit.

2. Registration for Withholding Purposes. New withholders must register with the Department of Labor, Central Registration Unit to receive the Withholding Tables booklet, the combined withholding and unemployment (or withholding only) tax forms booklet and any other necessary information. Contact the Central Registration Unit at division.uctax@maine.gov or call (207) 621-5129 to obtain the proper form.

3. Payments Subject to Maine Withholding. Any person who maintains an office or transacts business in Maine and who is required to withhold federal income tax from a particular payment must also withhold state income tax if the payment constitutes income that is not excluded from taxation under Maine law.

The withholding requirement applies to nonresident and resident individuals. For purposes of the income tax withholding requirements, Maine-source income of a nonresident individual includes income attributable to an occupation, trade or business carried on in Maine. Included in Maine-source income are such items as unemployment compensation connected with Maine employment.

Agricultural employees are also subject to the withholding requirements. However, pensions, annuities and other income from intangible sources paid to a nonresident are not subject to withholding of Maine income tax.

Maine-source income of a nonresident individual may not be subject to income tax withholding if the number of days worked in Maine falls below the threshold defined by 36 MRSA, § 5142(8-A) and MRS Rule 806. For a copy of MRS Rule 806, visit the MRS web site at www.maine.gov/revenue/rules, write Maine Revenue Services, P.O. Box 1060,

Augusta, ME 04332-1060 or call 207-624-7894. If a nonresident employee works in Maine for more than ten days during the year, you must withhold Maine income tax from that employee. For more information, see Rule 803.

4. Computing the Amount of Maine Taxes to Withhold. Any of the following methods may be used to calculate the amount of Maine income tax to withhold from payments subject to the federal wage method of withholding:

(a) Percentage Method. See pages 6 and 7.

(b) Wage Bracket Tables. The tables on pages 9-18 show the amount of Maine income tax to be withheld by wage bracket and by number of withholding allowances claimed on a weekly, biweekly, semimonthly, monthly and daily or miscellaneous basis. There are separate tables for single taxpayers and married taxpayers.

To ensure adequate withholding, employers must use the withholding tax rate schedule or the table that directly corresponds to the status checked by the employee in box 3 of Maine Form W-4ME. If the "Single" box is checked, the employer/payer must use the single percentage or the single withholding table. If the "Married" box is checked, the employer/payer must use the married percentage or the married withholding table. If the "Married, but withholding at higher Single rate" box or the "Nonresident Alien" box is checked, the employer/payer must use the single percentage rate schedule or the single withholding table.

Withholding Adjustment for Nonresident Aliens. In order to use the wage bracket tables to calculate the appropriate amount of Maine income tax to withhold from a nonresident alien performing services in Maine, the wages subject to Maine withholding must be increased by the amount shown below for the applicable payroll period:

Payroll Period	Increase Wages by
Weekly	\$111.54
Biweekly	\$223.08
Semimonthly	\$241.67
Monthly	\$483.33
Daily or	
Miscellaneous	\$22.31

(c) Flat-Amount or Fixed Percentage Rate Method. If a payee requests an amount of withholding that exceeds the amount that would otherwise be required, the request may be granted.

(d) Alternate Method. Another method devised by a withholding agent that produces the same result as the percentage method or the wage bracket tables, or that produces a result that falls between those methods.

Maine has a low-income credit for individuals whose Maine taxable income is \$2,000 or less. The credit is equal to the Maine income tax otherwise due. The instructions for the percentage method of withholding on pages 6 and 7, and the wage bracket tables on pages 9 through 18 are designed to reflect the credit.

If supplemental wages (such as bonuses, commissions, overtime pay, etc.) are paid with regular wages, the withholding tax is calculated as if the total were a single payment of wages for the regular payroll period. If the supplemental wages are paid separately, the payer may withhold a flat 5 percent.

Maine income tax law requires a person who withholds for federal purposes to withhold for Maine an amount that approximates the payee's liability for the taxable year. If this condition is met, the payer may use a withholding method that best approximates the payee's liability. For non-wage payments that are subject to flat rate federal withholding, withholding at 5 percent of the total payment is required for Maine.

5. Withholding Allowances - Form W-4ME. Maine requires new employees or payees and employees or payees making changes to their federal Form W-4 to furnish a state withholding allowance certificate (Form W-4ME). Differences between Maine income tax law and the Internal Revenue Code (such as the federal child credit) may affect the number of allowances an employee or payee may claim. Maine withholding allowances claimed on Form W-4ME are based on the number of allowances claimed on federal Form W-4. The Maine Form W-4ME must be provided to the employer or non-payroll filer on the same date as the federal Form W-4 is provided. In no event shall an employee or payee claim a number of withholding allowances for Maine income tax withholding that exceeds the number to which he or she is entitled.

(a) An employee or payee may claim a

INSTRUCTIONS, continued

greater number of allowances for state than for federal purposes. To do so, the employee or payee must obtain a Withholding Exemption Variance Certificate from Maine Revenue Services. When applying for the certificate, the employee or payee must certify that no income tax liability will be incurred for the current tax year. Each certificate expires on December 31, or whenever the employee or payee no longer qualifies for the certificate, whichever is sooner.

- (b) An employee or payee may claim **fewer** withholding allowances for state than for federal purposes without a Withholding Exemption Variance Certificate.
- (c) An employee or payee may request an additional dollar amount or a flat dollar amount of withholding that exceeds the withholding tax amount specified by the tables.

The employee or payee who chooses any of the above options will reflect the option on the Maine Withholding Allowances Certificate (Form W-4ME).

Form W-4ME may also be used as the state counterpart to federal Form W-4P.

Download Form W-4ME at www.maine.gov/revenue/forms or order by calling (207) 624-7894.

Invalid Forms W-4. If a federal Form W-4 is determined to be invalid for federal withholding purposes, it is not to be used as a base for the Maine Form W-4ME to compute Maine withholding. If, on request, the employee or payee does not provide a valid Form W-4ME, the employer or non-payroll filer must withhold as if the employee or payee were single and claiming no allowances. Also, if Maine Revenue Services notifies an employer or non-payroll filer that a Form W-4ME is invalid, the employer or non-payroll filer must withhold as if the employee or payee were single and claiming no allowances until the employee or payee provides a valid Form W-4ME.

Submission of Forms W-4. An employer is required to submit a copy of Form W-4ME, along with a copy of any supporting information provided by the employee, to Maine Revenue Services if either of the following circumstances apply.

- A. The employer is required to submit a copy of federal Form W-4 to the IRS either by written notice or by published guidance.
- B. An employee with a non-Maine address claims exemption from

Maine withholding and the employer expects to pay the employee \$5,000 or more in Maine-source income for the year.

- 6. Reporting Maine Income Tax Withheld.** Persons required to withhold must report the Maine income taxes withheld to Maine Revenue Services on a quarterly basis. The combined withholding tax/unemployment contributions (or withholding tax only) forms are due quarterly by the last day of the month following the end of the quarter. **Note: special payment requirements apply to persons whose withholding during the period July 1, 2009 to June 30, 2010 was \$18,000 or more (see item 7 below).**

Electronic Filing Required: Beginning in 2011, all employers and non-wage payers registered for Maine income tax withholding must electronically file Maine quarterly tax returns and annual reconciliation of Maine income tax withholding. Employers/non-payroll payers may request a waiver from the electronic filing requirement if the requirement causes undue hardship. The request must state the reason for hardship and must be mailed to MRS, PO Box 1060, Attn: Withholding Unit, Augusta, ME 04332. If a waiver is granted, Maine Revenue Services will provide printed forms necessary for quarterly and annual filings. The electronic filing requirement does not apply to amended returns. See MRS Rule 104 at www.maine.gov/revenue/rules for details.

Maine Revenue Services offers two options for electronically filing income tax withholding and unemployment contributions returns. If you use software capable of producing a file that conforms to Maine Revenue Services specifications, you may upload that file using the MEETRS File Upload system. Otherwise, you may file your return on the Maine Revenue Services web site using the I-file system for payroll taxes. The I-file system for payroll taxes requires no special software and has many convenient features (see below).

Household Employees. If you withhold Maine income tax from household employees (required if federal tax is withheld), you must report the tax withheld on the combined withholding tax and unemployment contributions (or withholding tax only) forms. You cannot report the tax withheld on your Maine individual income tax return. Follow the reporting requirements above to report the tax withheld.

Cancelling an Account. A person who is registered to withhold Maine income

tax must continue to file quarterly withholding tax returns, even if no tax has been withheld. If withholding is no longer required and the account is to be canceled, the Central Registration Unit must be notified. Complete the cancellation notice, Form 941BN-ME, provided in your combined withholding tax/unemployment contributions (or withholding tax only) booklet or download at www.maine.gov/revenue/forms.

- 7. Payment.** Employers or non-payroll filers whose total withholding during the period July 1, 2009 to June 30, 2010 was \$18,000 or more are required to make payments of income tax withholding on a semiweekly schedule.

Semiweekly Schedule	
Day Wages Paid	Remittance Due
Wednesday, Thursday, or Friday	On or before the following Wednesday
Saturday, Sunday, Monday, or Tuesday	On or before the following Friday

Beginning January 1, 2011, any person with a combined tax liability to the State of \$18,000 or more for all tax types during the most recent lookback period ending during 2010 is required to remit all Maine tax payments electronically.

Maine Revenue Services ("MRS") offers a convenient 24-hour electronic payment option called **EZ Pay**. You can access **EZ Pay** at www.maine.gov/revenue/netfile/ezpay.htm. Almost any type of tax payment can be made using **EZ Pay**, including withholding and unemployment taxes. To avoid making payments earlier than necessary, payments may be scheduled in advance and automatically withdrawn on the payment date you select. See *MRS Rule 102* (www.maine.gov/revenue/rules) for details.

Employers or non-wage payers whose withholding during the period July 1, 2009 to June 30, 2010 was less than \$18,000 are required to make payments with the quarterly return. However, the employer or other payer may elect to make payments more frequently than quarterly. Payments made more frequently than quarterly may be remitted either electronically or by using Form 900ME (withholding payment voucher) available at www.maine.gov/revenue/forms/with/2011.htm.

The total amount withheld and the total

INSTRUCTIONS, continued

payments made during the quarter are reported and reconciled on the quarterly return (Form 941ME or Form 941/C1-ME).

The state tax assessor may require more frequent remittances if the collection of withheld taxes is in jeopardy.

Your account will be reviewed at the end of 2011 to determine the proper remittance frequency for 2012. Maine Revenue Services will notify you if your remittance frequency is changed for 2012.

Complete filing and remittance requirements are contained in MRS Rule 803, Withholding Tax Reports and Payments. Copies of the rule are available on request, or at www.maine.gov/revenue/rules.

8. Error in Reporting Withholding.

If you need to make a correction in the withholding tax reported for a particular period, submit an amended return (Form 941A-ME) for that period. **Do not make an adjustment on a return for a subsequent period.**

9. Payee Statement. Federal law requires employers to furnish Forms W-2 to employees to report the payment of wages, taxes withheld, etc. Persons who make other payments are required to furnish information returns (1098, 1099 series) to the payees. Compliance with these federal requirements will satisfy state requirements if the information return provided includes state wages (or other payment) and state withholding information.

Consistent with federal law, annual employee income and withholding statements (Forms W-2, 1099, etc.) must be furnished to payees by January

31st of the succeeding year. In the case of an employee who is terminated before the close of the calendar year, that employee must submit a written request in order to receive the income statement within 30 days, if that 30-day period ends before January 31st.

Penalties apply for failure to furnish accurate and timely Forms W-2/1099 statements to payees. A person who furnishes a false or fraudulent statement or fails to furnish a statement commits a civil violation for which a fine of \$50 for each failure must be imposed.

10. Annual Reconciliation (Form W-3ME). On or before February 28 of each year, or at the termination of business, persons who withheld Maine income tax during the year must file a reconciliation return on Form W-3ME. Total income tax withheld shown on the reconciliation return should equal the total withholding tax reported to Maine Revenue Services for the year and should also equal the total Maine income tax withheld shown on all information returns furnished to payees. Mail or electronically file Form W-3ME separately from your return and payment for the fourth quarter.

11. Forms. Beginning in 2011, all employers and non-wage payers registered for Maine income tax withholding must electronically file Maine quarterly tax returns and annual reconciliation of Maine income tax withholding. Employers/non-wage payers may request a waiver from the electronic filing requirement if the requirement causes undue hardship. If a waiver is granted, Maine Revenue Services will provide printed forms necessary for quarterly and annual filings. The electronic filing requirement does not apply to amended returns.

Quarterly and annual forms, forms for amending quarterly returns, Form W-4ME (Maine Employee Withholding Allowance Certificate) and Form 941BN-ME (Business Change Notification), as well as related instructions, are also available at www.maine.gov/revenue/forms.

Maine Revenue Services does not supply Forms W-2, W-4, 1098, 1099 or 5498. These must be obtained from the Internal Revenue Service.

12. Interest and Penalties. Interest and penalties will be charged for withheld tax not remitted by the due date. In addition, a penalty will be assessed for late filing. The interest rate for 2011 is 7% per year, compounded monthly. The penalty for late payment is 1% per month, or fraction thereof, of the tax due up to a maximum of 25%. The penalty for late filing is \$25 or 10% of the tax due, whichever is greater. If a tax return is not filed on demand, the late filing penalty is 100% of the tax due. The law also provides penalties for negligence, fraud and substantial understatement.

13. Pensions and Annuities. If payments from an employer-sponsored retirement plan are subject to federal withholding, then Maine income tax must also be withheld, unless the payee elects out of Maine withholding.

14. Backup Withholding. If backup withholding is required at the federal level, Maine requires withholding at a flat rate of 5%.

15. Other Questions. If you have questions, contact the Income/Estate Tax Division for assistance (see page 3 for address, email and telephone numbers).

MAINE INCOME TAX WITHHOLDING — PERCENTAGE METHOD — 2011

If you use the percentage method to compute Maine income tax withholding, use the following steps:

Step 1 Convert total wages to annual wage amount. Multiply by the payroll frequency: 52 for weekly, 26 for biweekly, 24 for semimonthly, 12 for monthly, 260 for daily or miscellaneous payroll period.

Step 2 Multiply the number of withholding allowances the employee claims by \$2,850. Subtract the result from the annualized wage amount calculated in step 1 to compute the annualized income.

Step 3 Adjustment for Nonresident Aliens. If the employee is a nonresident alien, increase the annualized wages by the \$5,800. Do not make this adjustment for employees who are residents of the United States.

Step 4 Compute the annualized withholding amount using the withholding rate schedules on the following page based on the annualized income computed in steps 1, 2 and 3.

NOTE: An individual whose Maine taxable income for the year is \$2,000 or less is allowed a low-income credit equal to the amount of tax otherwise imposed. If the annualized tax amount computed in Step 4 is \$40 or less, the credit applies. In that case, change the withholding amount to zero for the pay period.

Step 5 Divide the annualized withholding amount computed in step 4 by the payroll frequency used in step 1 and round to the nearest dollar. The result is the amount of Maine income tax to be withheld from the payment being made.

MAINE INCOME TAX WITHHOLDING — PERCENTAGE METHOD — 2011, continued

	For Single Taxpayers	
If the annualized income is:		The annualized withholding is:
Less than	\$ 2,950	0.0%
\$ 2,950 but less than	\$ 7,950	2.0% of excess over \$ 2,950
\$ 7,950 but less than	\$12,900	\$ 100 plus 4.5% of excess over \$ 7,950
\$12,900 but less than	\$22,900	\$ 323 plus 7.0% of excess over \$12,900
\$22,900 or more		\$ 1,023 plus 8.5% of excess over \$22,900

	For Married Taxpayers	
If the annualized income is:		The annualized withholding is:
Less than	\$ 6,800	0.0%
\$ 6,800 but less than	\$16,800	2.0% of excess over \$ 6,800
\$16,800 but less than	\$26,750	\$ 200 plus 4.5% of excess over \$16,800
\$26,750 but less than	\$46,700	\$ 648 plus 7.0% of excess over \$26,750
\$46,700 or more		\$2,045 plus 8.5% of excess over \$46,700

Example 1: A single employee is paid \$175 each week. The employee claims two withholding allowances on Form W-4ME. Using the percentage method, compute the employee's withholding as follows:

- (1) Gross pay of \$175 x 52 weeks = \$9,100
- (2) Compute annualized income:
2 allowances x \$2,850 = \$5,700

Annualized wage	\$9,100
Allowances	<u>- 5,700</u>
Annualized Income	\$3,400

- (4) Compute annualized withholding amount:

	Rate	Tax
	\$3,400	
	<u>- 2,950</u>	See Schedule \$ 00
	\$ 450	x 2% <u>9</u>
Annualized Withholding Amount		\$ 9
Withholding for Pay Period		\$ 0

See Note on page 6 (under step 3). Because the annualized withholding amount is less than \$40, this taxpayer may qualify for the low-income credit. Therefore, the amount to be withheld is zero.

Example 2: A single employee is paid \$560 each week. The employee claims two withholding allowances on Form W-4ME. Using the percentage method, compute the employee's withholding as follows:

- (1) Gross pay of \$560 x 52 weeks = \$29,120
- (2) Compute annualized income:
2 allowances x \$2,850 = \$5,700

Annualized wage	\$29,120
Allowances	<u>- 5,700</u>
Annualized Income	\$23,420

- (4) Compute annualized withholding amount:

	Rate	Tax
	\$23,420	
	<u>- 22,900</u>	See Schedule \$ 1,023
	\$ 520	x 8.5% <u>44</u>
Annualized Withholding Amount		\$ 1,067

- (5) Annualized withholding of \$1,067 divided by 52 = \$20.52 rounded to \$21. Withhold \$21 each week.

NOTE: If the payment involved is subject to flat rate federal withholding (backup withholding), a flat rate state withholding of 5% must be withheld. Multiply the amount of payment by 5% to compute the amount of tax to withhold. Do not use the above steps.

COMMON ITEMS OF INCOME SUBJECT TO WITHHOLDING OF MAINE INCOME TAX

<u>INCOME TYPE</u>	<u>WITHHOLDING REQUIREMENT</u>	<u>WITHHOLDING BASIS</u>
Wages — including tips, commissions, bonuses, severance pay or “golden parachute” payments, supplemental unemployment benefits (IRC § 3402)	Mandatory	Wage methods (wage bracket tables or permitted alternatives)
Sick pay paid by employer or employer’s agent	Mandatory	Wage methods
Third-party sick pay not paid by an employer or employer’s agent	Payee must request	Amount requested by payee
Periodic payments from employer-sponsored retirement plan (pension, profit-sharing, stock bonus, etc.) (IRC § 3405)	Required, unless payee elects out of withholding	Wage methods
Lump-sum or other nonperiodic payment from employer-sponsored retirement plan	Required, unless payee elects out of federal withholding	Flat 5 percent
Distribution from Individual Retirement Account (IRA) or self-employed pension (Keough) plan	Required, unless payee elects out of federal withholding	Flat 5 percent
Private employer-sponsored deferred compensation plan (IRC § 401(k))	Required, unless payee elects out of federal withholding	Flat 5 percent
Distribution from government employer-sponsored deferred compensation plan (IRC § 457)	Mandatory	Wage methods
Gambling winnings in excess of \$5,000; lotteries, parimutuel horse and dog races when odds are at least 300 to 1 (IRC § 3402(q)). NOTE: Winnings below these thresholds are still generally subject to Maine income tax.	Mandatory	Flat 5 percent
Reportable payments subject to federal “backup” withholding when payee fails to furnish proper Federal Tax Identification Number, or when payee or payer is notified by the Internal Revenue Service that federal “backup” withholding is required (IRC § 3406)	Mandatory	Flat 5 percent
Wages, interest, dividends, rent or other payments to nonresident aliens of the United States when federal income tax withholding is required (IRC § 1441)	Mandatory	Flat 5 percent
Effectively connected income of foreign partner (IRC § 1446)	Mandatory	Flat 5 percent

2011 Maine Income Tax Withholding Wage Bracket Tables MARRIED – BIWEEKLY

Wages are – At least		Number of withholding allowances claimed is –										Wages are –										Number of withholding allowances claimed is –																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																					
		0	1	2	3	4	5	6	7	8	9	10	But less than	At least	But less than	At least	0	1	2	3	4	5	6	7	8	9	10	Amount of income tax to withhold is –	Amount of income tax to withhold is –	Amount of income tax to withhold is –																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																													
0.00	330.00											1840.00	1890.00	1940.00	1990.00	2040.00	2090.00	2140.00	2190.00	2240.00	2290.00	2340.00	2390.00	2440.00	2490.00	2540.00	2590.00	2630.00	2690.00	2750.00	2810.00	2870.00	2930.00	2990.00	3050.00	3110.00	3170.00	3230.00	3290.00	3350.00	3410.00	3470.00	3530.00	3590.00	3650.00	3710.00	3770.00	3830.00	3890.00	3950.00	4010.00	4070.00	4130.00	4190.00	4250.00	4310.00	4370.00	4430.00	4490.00	4550.00	4610.00	4670.00	4730.00	4790.00	4850.00	4910.00	4970.00	5030.00	5090.00	5150.00	5210.00	5270.00	5330.00	5390.00	5450.00	5510.00	5570.00	5630.00	5690.00	5750.00	5810.00	5870.00	5930.00	5990.00	6050.00	6110.00	6170.00	6230.00	6290.00	6350.00	6410.00	6470.00	6530.00	6590.00	6650.00	6710.00	6770.00	6830.00	6890.00	6950.00	7010.00	7070.00	7130.00	7190.00	7250.00	7310.00	7370.00	7430.00	7490.00	7550.00	7610.00	7670.00	7730.00	7790.00	7850.00	7910.00	7970.00	8030.00	8090.00	8150.00	8210.00	8270.00	8330.00	8390.00	8450.00	8510.00	8570.00	8630.00	8690.00	8750.00	8810.00	8870.00	8930.00	8990.00	9050.00	9110.00	9170.00	9230.00	9290.00	9350.00	9410.00	9470.00	9530.00	9590.00	9650.00	9710.00	9770.00	9830.00	9890.00	9950.00	10010.00	10070.00	10130.00	10190.00	10250.00	10310.00	10370.00	10430.00	10490.00	10550.00	10610.00	10670.00	10730.00	10790.00	10850.00	10910.00	10970.00	11030.00	11090.00	11150.00	11210.00	11270.00	11330.00	11390.00	11450.00	11510.00	11570.00	11630.00	11690.00	11750.00	11810.00	11870.00	11930.00	11990.00	12050.00	12110.00	12170.00	12230.00	12290.00	12350.00	12410.00	12470.00	12530.00	12590.00	12650.00	12710.00	12770.00	12830.00	12890.00	12950.00	13010.00	13070.00	13130.00	13190.00	13250.00	13310.00	13370.00	13430.00	13490.00	13550.00	13610.00	13670.00	13730.00	13790.00	13850.00	13910.00	13970.00	14030.00	14090.00	14150.00	14210.00	14270.00	14330.00	14390.00	14450.00	14510.00	14570.00	14630.00	14690.00	14750.00	14810.00	14870.00	14930.00	14990.00	15050.00	15110.00	15170.00	15230.00	15290.00	15350.00	15410.00	15470.00	15530.00	15590.00	15650.00	15710.00	15770.00	15830.00	15890.00	15950.00	16010.00	16070.00	16130.00	16190.00	16250.00	16310.00	16370.00	16430.00	16490.00	16550.00	16610.00	16670.00	16730.00	16790.00	16850.00	16910.00	16970.00	17030.00	17090.00	17150.00	17210.00	17270.00	17330.00	17390.00	17450.00	17510.00	17570.00	17630.00	17690.00	17750.00	17810.00	17870.00	17930.00	17990.00	18050.00	18110.00	18170.00	18230.00	18290.00	18350.00	18410.00	18470.00	18530.00	18590.00	18650.00	18710.00	18770.00	18830.00	18890.00	18950.00	19010.00	19070.00	19130.00	19190.00	19250.00	19310.00	19370.00	19430.00	19490.00	19550.00	19610.00	19670.00	19730.00	19790.00	19850.00	19910.00	19970.00	20030.00	20090.00	20150.00	20210.00	20270.00	20330.00	20390.00	20450.00	20510.00	20570.00	20630.00	20690.00	20750.00	20810.00	20870.00	20930.00	20990.00	21050.00	21110.00	21170.00	21230.00	21290.00	21350.00	21410.00	21470.00	21530.00	21590.00	21650.00	21710.00	21770.00	21830.00	21890.00	21950.00	22010.00	22070.00	22130.00	22190.00	22250.00	22310.00	22370.00	22430.00	22490.00	22550.00	22610.00	22670.00	22730.00	22790.00	22850.00	22910.00	22970.00	23030.00	23090.00	23150.00	23210.00	23270.00	23330.00	23390.00	23450.00	23510.00	23570.00	23630.00	23690.00	23750.00	23810.00	23870.00	23930.00	23990.00	24050.00	24110.00	24170.00	24230.00	24290.00	24350.00	24410.00	24470.00	24530.00	24590.00	24650.00	24710.00	24770.00	24830.00	24890.00	24950.00	25010.00	25070.00	25130.00	25190.00	25250.00	25310.00	25370.00	25430.00	25490.00	25550.00	25610.00	25670.00	25730.00	25790.00	25850.00	25910.00	25970.00	26030.00	26090.00	26150.00	26210.00	26270.00	26330.00	26390.00	26450.00	26510.00	26570.00	26630.00	26690.00	26750.00	26810.00	26870.00	26930.00	26990.00	27050.00	27110.00	27170.00	27230.00	27290.00	27350.00	27410.00	27470.00	27530.00	27590.00	27650.00	27710.00	27770.00	27830.00	27890.00	27950.00	28010.00	28070.00	28130.00	28190.00	28250.00	28310.00	28370.00	28430.00	28490.00	28550.00	28610.00	28670.00	28730.00	28790.00	28850.00	28910.00	28970.00	29030.00	29090.00	29150.00	29210.00	29270.00	29330.00	29390.00	29450.00	29510.00	29570.00	29630.00	29690.00	29750.00	29810.00	29870.00	29930.00	29990.00	30050.00	30110.00	30170.00	30230.00	30290.00	30350.00	30410.00	30470.00	30530.00	30590.00	30650.00	30710.00	30770.00	30830.00	30890.00	30950.00	31010.00	31070.00	31130.00	31190.00	31250.00	31310.00	31370.00	31430.00	31490.00	31550.00	31610.00	31670.00	31730.00	31790.00	31850.00	31910.00	31970.00	32030.00	32090.00	32150.00	32210.00	32270.00	32330.00	32390.00	32450.00	32510.00	32570.00	32630.00	32690.00	32750.00	32810.00	32870.00	32930.00	32990.00	33050.00	33110.00	33170.00	33230.00	33290.00	33350.00	33410.00	33470.00	33530.00	33590.00	33650.00	33710.00	33770.00	33830.00	33890.00	33950.00	34010.00	34070.00	34130.00	34190.00	34250.00	34310.00	34370.00	34430.00	34490.00	34550.00	34610.00	34670.00	34730.00	34790.00	34850.00	34910.00	34970.00	35030.00	35090.00	35150.00	35210.00	35270.00	35330.00	35390.00	35450.00	35510.00	35570.00	35630.00	35690.00	35750.00	35810.00	35870.00	35930.00	35990.00	36050.00	36110.00	36170.00	36230.00	36290.00	36350.00	36410.00	36470.00	36530.00	36590.00	36650.00	36710.00	36770.00	36830.00	36890.00	36950.00	37010.00	37070.00	37130.00	37190.00	37250.00	37310.00	37370.00	37430.00	37490.00	37550.00	37610.00	37670.00	37730.00	37790.00	37850.00	37910.00	37970.00	38030.00	38090.00	38150.00	38210.00	38270.00	38330.00	38390.00	38450.00	38510.00	38570.00	38630.00	38690.00	38750.00	38810.00	38870.00	38930.00	38990.00	39050.00	39110.00	39170.00	39230.00	39290.00	39350.00	39410.00	39470.00	39530.00	39590.00	39650.00	39710.00	39770.00	39830.00	39890.00	39950.00	40010.00	40070.00	40130.00	40190.00	40250.00	40310.00	40370.00	40430.00	40490.00	40550.00	40610.00	40670.00	40730.00	40790.00	40850.00	40910.00	40970.00	41030.00	41090.00	41150.00	41210.00	41270.00	41330.00	41390.00	41450.00	41510.00	41570.00	41630.00	41690.00	41750.00	41810.00	41870.00	41930.00	41990.00	42050.00	42110.00	42170.00	42230.00	42290.00	42350.00	42410.00	42470.00	42530.00	42590.00	42650.00	42710.00	42770.00	42830.00	42890.00	42950.00	43010.00	43070.00	43130.00	43190.00	43250.00	43310.00	43370.00	43430.00	43490.00	43550.00	43610.00	43670.00	43730.00	43790.00	43850.00	43910.00	43970.00	44030.00	44090.00	44150.00	44210.00	44270.00	44330.00	44390.00	44450.00	44510.00	44570.00	44630.00	44690.00	44750.00	44810.00	44870.00	44930.00	44990.00	45050.00	45110.00	45170.00	45230.00	45290.00	45350.00	45410.00	45470.00	45530.00	45590.00	45650.00	45710.00	45770.00	45830.00	45890.00	45950.00	46010.00	46070.00	46130.00	46190.00	46250.00	46310.00	46370.00	46430.00	46490.00	46550.00	46610.00	46670.00	46730.00	46790.00	46850.00	46910.00	46970.00	47030.00	47090.00	47150.00	47210.00	47270.00	47330.00	47390.00	47450.00	47510.00	47570.00	47630.00	47690.00	47750.00	47810.00	47870.00	47930.00	47990.00	48050.00	48110.00	48170.00	48230.00	48290.00	48350.00	48410.00	48470.00	48530.00	48590.00	48650.00	48710.00	48770.00	48830.00	48890.00	48950.00	49010.00	49070.00	49130.00	49190.00	49250.00	49310.00	49370.00	49430.00	49490.00	49550.00	49610.00	49670.00	49730.00	49790.00	49850.00	49910.00	49970.00	50030.00	50090.00	50150.00	50210.00	50270.00	50330.00	50390.00	50450.00	50510.00	50570.00	50630.00	50690.00	50750.00	50810.00	50870.00	50930.00	50990.00	51050.00	51110.00	51170.00	51230.00	51290.00	51350.00	51410.00	51470.00	51530.00	51590.00	51650.00	51710.00	51770.00	51830.00	51890.00	51950.00	52010.00	52070.00	52130.00	52190.00	52250.00	52310.00	52370.00	52430.00	52490.00	52550.00	52610.00	52670.00	52730.00	52790.00	52850.00	52910.00	52970.00	53030.00	53090.00	53150.00	53210.00	53270.00	53330.00	53390.00	53450.00	53510.00	53570.00	53630.00	53690.00	53750.00	53810.00	53870.00	53930.00	53990.00	54050.00	54110.00	54170.00	54230.00	54290.00	54350.00	54410.00	54470.00	54530.00	54590.00	54650.00	54710.00	54770.00	54830.00	54890.00	54950.00	55010.00	55070.00	55130.00	55190.00	55250.00	55310.00	55370.00	55430.00	55490.00	55550.00	55610.00	55670.00	55730.00	55790.00	55850.00	55910.00	55970.00	56030.00	56090.00	56150.00	56210.00	56270.00	56330.00	56390.00	56450.00	56510.00	56570.00	56630.00	56690.00	56750.00	56810.00	56870.00	56930.00	56990.00	57050.00	57110.00	57170.00	57230.00	57



ELECTRONIC FILING & PAYMENT OPTIONS!



Maine Revenue Services offers these convenient options for making payments and filing returns electronically:

-  **EZ Pay:** Make payment over the web for most taxes on the date you specify.
-  **EFT:** If you don't want to use the web, use EFT, either ACH Debit or ACH Credit. (See page 2 for details)
-  **CQR I-File:** File your return on the web and we'll complete most of Schedules 1 & 2 for you! Or complete Schedule 2 by uploading required information from a spreadsheet file.
-  **MEETRS File Upload:** Load up a preformatted file that contains your payroll information.

When you use **EZPay**, **CQR I-File** or **MEETRS**, you immediately receive confirmation that your return has been filed or your tax has been paid.

With so many options available, filing and paying your payroll taxes is **easier** than ever! For more information, visit the Maine Revenue Services web site at www.maine.gov/revenue/netfile/gateway2.htm.