

# Maine Revenue Services 2002

## Filing for Maine Income Tax Withholding

### Instructions for Form 941ME

#### Questions regarding:

**Income Tax Withholding**                      207-626-8475

**E-mail:** [withholding.tax@state.me.us](mailto:withholding.tax@state.me.us)

**Unemployment Contributions**              207-287-3176

**E-mail:** [division.uctax@state.me.us](mailto:division.uctax@state.me.us)



#### Important

**Schedule for Income Tax Withholding.** Beginning in 2002, each employee's quarterly withholding amount must be recorded as part of the quarterly return.

**IF YOU ARE LIABLE FOR UNEMPLOYMENT CONTRIBUTIONS IN ADDITION TO INCOME TAX WITHHOLDING, YOU MUST FILE THE COMBINED QUARTERLY RETURN, FORM 941/C1-ME. CALL THE CENTRAL REGISTRATION UNIT AT 207-287-2338 FOR INFORMATION.**

#### ELECTRONIC FUNDS TRANSFER ("EFT")

Maine Revenue Services accepts ACH credit method payments and has introduced a telephone ACH electronic funds withdrawal (debit) payment system for withholding and Combined Quarterly Return ("CQR") payments as well as other tax payments. Both ACH payment methods require applications to participate. 36 M.R.S.A. § 193 and MRS Rule 102 mandate taxpayers with annual withholding liabilities of \$200,000 or more to pay electronically. Maine Revenue Services also accepts voluntary participants into its electronic funds transfer programs. There are no payment minimums.

For up-to-date information, to obtain an application for either the ACH Credit Method or ACH Telephone Electronic Funds Withdrawal Method, to obtain a copy of Rule 102, or to learn more about EFT, visit [www.state.me.us/revenue](http://www.state.me.us/revenue), e-mail [efunds.transfer@state.me.us](mailto:efunds.transfer@state.me.us), call 207-287-8276, or write: EFT Unit, Maine Revenue Services, 24 State House Station, Augusta ME 04333-0024.

**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.

#### TAX LAW CHANGES

**Payroll Processors.** Most payroll processors required to register with the State must provide proof of liability insurance equal to twice the highest weekly payroll processed by the business in the preceding year or \$5,000,000, whichever is less. For liability insurance coverage, the processor may choose from one of the following: fidelity bond, employee dishonesty bond, third-party fidelity coverage or liability insurance that includes crime coverage. For more information, call 207-626-8475.

# FORM W-4ME

Legislation enacted by Congress provides a federal child tax credit for taxpayers in certain income brackets. As a result, certain taxpayers with eligible children may now be allowed to claim additional personal allowances on federal Form W-4. These additional personal allowances will cause some employees to have Maine income taxes underwithheld. To prevent underwithholding of state income tax, Maine has designed Form W-4ME to be used for calculating employee withholding allowances for state income tax purposes (see sample form below). It requires federal withholding allowances to be reduced by allowances claimed for the federal child tax credit. Federal Form W-4 will still be used to calculate employee withholding allowances for federal income tax purposes.

The form also allows employees to claim fewer personal allowances for state purposes than for federal purposes.

Additionally, on line 5 of the certificate, employees may request extra Maine income tax withholding as needed. If, however, an employee wishes to claim a greater number of allowances than claimed on federal Form W-4, special permission must be granted by the State Tax Assessor. In such cases, the employee must provide the employer a copy of the "Withholding Exemption Variance Certificate" issued by the State Tax Assessor.

Form W-4ME became effective January 1, 1999. Beginning with that date, all **new** employees and all employees who **change** their number of withholding allowances for federal purposes must also complete Form W-4ME. The form is available on the Maine Revenue Services Web site at <http://www.state.me.us/revenue> or by calling 207-624-7894. Form W-4ME may be photocopied.

## FORM W-4ME

**Purpose:** Complete Form W-4ME so your employer can withhold the correct Maine income tax from your pay. Because your tax situation may change, you may want to recalculate your withholding each year.

**Exemption from withholding:** If you claimed "Exempt" status on your federal Form W-4, complete lines 1, 2, 3 and 6, and sign the form.

**Basic instructions:** If you are not exempt, complete the Personal Allowances worksheet below. You may claim fewer allowances than you are entitled to, but you must obtain special permission from the State Tax Assessor if you want to claim more allowances than claimed on your federal Form W-4. If you make federal estimated payments using Form 1040-ES, you should consider making estimated payments to the state using Form 1040ES-ME. The failure to properly make estimated payments could result in the imposition of penalties.

### Personal Allowances Worksheet

- |   |   |
|---|---|
| <p><b>A</b> Number of allowances claimed on federal Form W-4, line 5 or Form W-4P, line 2.</p> <p><b>B</b> Less: Number of allowances claimed on federal Form W-4 Personal Allowances Worksheet, line G for the Child Tax Credit.</p> <p><b>C</b> Number of allowances for Maine purposes (line A minus line B). See basic instructions above if you want to claim fewer allowances, or if you want to claim more allowances than claimed for federal purposes.</p> | <p><b>A</b> _____</p> <p><b>B</b> _____</p> <p><b>C</b> _____</p> |
|---|---|

----- Cut here and give the certificate below to your employer. Keep the top part for your records. -----

### Form W-4ME Employee's Maine Withholding Allowance Certificate

1 Type or print your first name and middle initial _____ Last name _____	2 Your Social Security number _____
Home address (number and street or rural route) _____	3 <input type="checkbox"/> Single <input type="checkbox"/> Married with one income <input type="checkbox"/> Married with two incomes Note: If married but legally separated, or spouse is a nonresident alien, check the single box.
City or town, state and ZIP code _____	
4 Total number of allowances you are claiming from line C above ..... 4	
5 Additional amount, if any, you want withheld from your paycheck ..... 5	\$ _____
6 If you claimed exempt on line 7 of your federal Form W-4, enter "EXEMPT" here ..... 6	
7 If you completed federal Form W-4P, checked the box on line 1 of that form and you do not want any state income tax withheld, check this box ..... 7 <input type="checkbox"/>	
<b>Under penalties of perjury, I certify that I am entitled to the number of withholding allowances claimed on this certificate.</b>	
Employee's signature _____	Date _____
8 Employer's name and address (Employer: Complete lines 8 and 9 only if sending to Maine Revenue Services)	9 Employer ID number _____

# GENERAL INSTRUCTIONS

**Note:** A return must be filed each quarter, even if you had no income tax withheld for that period. Each page submitted must have your ID number clearly printed at or near the top of the page. Do not write notes on the wage listing pages.

Form 941ME is used to report total income tax withheld for the quarter and to reconcile 900ME voucher payments during the quarter, if applicable. If you also make, or expect to make, Unemployment Insurance Contributions, call the Central Registration Unit at 207-287-2338 to request the appropriate combined withholding tax and unemployment contribution booklet (Form 941/C1-ME).

Each return in this booklet is preprinted with your Withholding Account Number, business name(s), period covered and due date. Returns must be completed and filed with Maine Revenue Services on or before the preprinted due date. Your Withholding Account Number consists of your Federal Identification Number plus a two-digit state suffix.

When a business terminates or the payment of wages permanently ceases, complete the Cancellation Notice on the quarterly return.

If you have a change in your name, address, phone number or any other information related to this form, submit a completed Name and Address Change Form (Form 941/C1C-ME on page 3). We will correct our records and, if necessary, provide new payment vouchers and Forms 941ME.

Do not make changes on Form 941ME. If your Federal Employer Identification Number (Maine Withholding Account Number) changes, call the Central Registration Unit at 207-287-2338.

If it is necessary to make a correction in a withholding tax amount you reported for a previous period or for a particular employee, submit an amended return (Form 941A-ME) for that period along with an explanation of the change. We will correct your account for the period involved. Do not make an adjustment on the current Form 941ME.

Any questions regarding this form or income tax in general should be directed to Maine Revenue Services at 207-626-8475.

**Interest and Penalty.** Interest is charged at a rate of 8% per year, compounded monthly, on the unpaid withholding tax. The penalty for failure to pay the withholding tax on time is 1% per month up to a maximum of 25%. The penalty for failure to file the return on time is 10% of the tax liability or \$25, whichever is greater. If the return is filed more than 30 days after demand, the penalty is 100% of the tax due.

**Do not mail photocopies of the forms in this book to Maine Revenue Services. Photocopied forms cannot be processed by Maine Revenue Services' scanning system.**

# SPECIFIC INSTRUCTIONS

**Note:** The forms in this book are designed to comply with optical scanning requirements. The spaces outlined in red must be completed carefully in black or blue ink. Letters and numbers must be entered legibly within the outline area. Letters must appear in upper case only and start on the left; numbers start from the right. For example:

Name	C	O	M	P	A	N	Y	I	N	C		
Address	1	2	3	F	I	R	S	T	S	T		
Maine income tax withheld			1	2	,	3	4	5	.	0	0	

**Use the extra tax form in this booklet if you make an error on your quarterly tax return.**

**Line 1.** Enter on line 1 the amount of Maine income tax withheld during the period covered. If you are required to make payment of income tax withholding semi-weekly, complete the reconciliation schedule on the return and enter the total amount withheld from line 4 on this line.

**Line 2.** If you are required to make payment of income tax withholding semi-weekly, complete the reconciliation schedule on the return and enter the total amount remitted (either with Forms 900ME or by EFT) from line 5 on this line. For additional information on who is required to make payments of income tax withholding semi-weekly, see the specific instructions for reconciliation of 900ME voucher payments below.

## SPECIFIC INSTRUCTIONS, continued

**Line 3.** Enter the total Maine income tax withholding due with this return (line 1 minus line 2). Enclose your remittance with the return.

### Reconciliation of 900ME Payments or EFT Payments of Income Tax Withholding

If you are required to make payment of income tax withholding on a semi-weekly basis, complete Schedule 1 on the return. Complete one row of the schedule for each payroll during the quarter.

Employers who reported Maine income tax withholding of \$18,000 or more for the 12 months ending June 30, 2001 are required to make semi-weekly payments of income tax withholding using the following schedule:

<u>Day Wages Paid</u>	<u>Remittance Due</u>
Wednesday, Thursday, Friday	On or before the following Wednesday
Saturday, Sunday, Monday, Tuesday	On or before the following Friday

Payments may be made either by voucher (Form 900ME) or Electronic Funds Transfer (EFT). See page 3 of this booklet to find your withholding tax remittance frequency. Your required remittance frequency will either be semi-weekly or quarterly.

**Line 4.** If you remit semi-weekly withholding payments, enter the total amount withheld this quarter. Enter this amount on line 1.

**Line 5.** Enter the total amount of withholding paid this quarter. Include amounts remitted with Forms 900ME as well as amounts sent by EFT. Enter this amount on line 2.

### Income Tax Withholding Listing

Do not complete Part Four if you did not withhold income tax for any employee during the quarter. Complete all information for each withholding listing page submitted.

**Column 7.** Enter each employee's last name, first name and middle initial.

**Column 8.** Type or print each employee's Social Security number.

**Column 9.** Enter the total Maine income tax withheld for each employee during the quarter covered by this report. If an employee's withholding is greater than \$999,999.99, enter the withholding on two or more lines to add up to the total withholding for the employee.

**Line 10.** Enter the total Maine income tax withheld for employees listed on this page.

**Line 11.** Enter the total Maine income tax withheld for **all** pages on this line (last withholding listing page only) and on line 4 (or line 1, if not completing Schedule 1).

## EMPLOYER'S TAX CALENDAR

RETURN	FORM #	DUE DATES
SEMI-WEEKLY PAYMENTS OF WITHHELD INCOME TAXES	900ME	If your Withholding Tax Remittance Frequency is semi-weekly and wages are paid on Wednesday, Thursday or Friday, payment of withheld income taxes is due the following Wednesday. If the wages are paid on Saturday, Sunday, Monday or Tuesday, the payment of withheld income taxes is due the following Friday. Use the Employer's Payment Voucher For Maine Income Tax Withheld (Form 900ME, provided by Maine Revenue Services in a separate booklet) to make your payments. Note: Do not use Form 900ME if you are making your payments by Electronic Funds Transfer (EFT).
QUARTERLY RETURN OF INCOME TAX WITHHOLDING AND UNEMPLOYMENT CONTRIBUTIONS	941ME 941/C1-ME	Must be filed by all employers registered to remit income tax withholding and/or unemployment contributions. The form is used to report income taxes withheld for the quarter, to reconcile payments of income taxes withheld made during the quarter, to calculate your unemployment insurance contributions for the quarter, to report your employee wage listing for 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.
ANNUAL RECONCILIATION	W-3ME	Due February 28 of the following year or at termination of business.

### TELE-TAX AUTOMATED INFORMATION - EVERY DAY/24 HOURS. CALL 207-624-7875

#	Withholding Topics	#	Labor Topics
		310	Does Maine accept magnetic media reporting for year-end W-2s and 1099s?
301	I have not received my 900ME forms. How do I remit withholding tax payments?		
302	What is my payment frequency for remitting Maine withholding tax?	801	Am I required to pay Unemployment tax?
303	What is the due date for remitting quarterly and semi-weekly 900ME withholding payments?	802	What is the tax rate for new employers?
304	How do I obtain a copy of the current Maine withholding tax tables?	803	What payments are included in "reportable wages"?
305	I am a seasonal employer. How do I file and remit Maine withholding tax?	804	What are "excess wages"?
306	How do I amend my Maine withholding tax return if I have understated or overstated my tax liability?	805	How do I report "seasonal" and "nonseasonal" wages?
307	I am establishing a new business. How do I register to remit Maine income tax withholding?	806	Is there an alternative to paying unemployment tax?
308	I am a New Hampshire employer and have Maine residents working for my business. Am I required to withhold Maine tax from these employees?	807	Am I required to pay the Federal Unemployment tax?
309	Does Maine require a year-end reconciliation of withholding tax liability and copies of W-2s and 1099s?	808	What records am I required to keep and for how long?
		809	Can I file employer reports on magnetic media?

This automated phone line is available every day, 24 hours. Simply dial the phone number listed above and follow the directions as they are spoken. The number listed to the left of each question corresponds to the 3-digit topic number mentioned on the Tele-Tax phone line.