

Chapter 803: WITHHOLDING TAX REPORTS AND PAYMENTS

SUMMARY: This rule identifies income subject to Maine withholding and prescribes the methods for determining the amount of Maine Income Tax to be withheld from wages, non-wage payments, and pass-through entity income. It also explains the related reporting requirements, including mandated electronic filing.

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Section 1. DEFINITIONS

1. **Income.** “Income,” for purposes of calculating quarterly withholding amounts under Section 6, subsection 1, means for a particular quarter the actual income for the quarter or 25% of annual income.
2. **Maine-source member income.** “Maine-source member income” means the member’s or owner’s share of the net income of the pass-through entity apportioned to Maine in accordance with 36 MRSA, Chapter 821.
3. **Net income of the entity.** “Net income of the entity” for purposes of section 6 means, for a partnership or limited liability company or similar entity, the items of income, loss and deduction used for reporting on federal Form 1065; or for an S corporation, the items of income, loss and deduction used for reporting on federal Form 1120S.
4. **Nonresident.** “Nonresident” means, for the purposes of section 6:
 - A. For individuals, a natural person who is not a Maine resident individual as that term is defined by 36 M.R.S.A. §5102(5);

- B. For business entities, including C corporations and pass-through entities, an entity whose commercial domicile is not in Maine. For purposes of this paragraph, “commercial domicile” means the principal place from which the business activities of a taxpayer are directed or managed. If it is not possible to determine the principal place from which the business activities of a taxpayer are directed or managed, the state of the taxpayer’s incorporation (or similar registration if not a corporation) is considered its state of domicile; and
 - C. For trusts and estates, a trust or estate that is not a Maine resident trust or estate as those terms are defined by 36 M.R.S.A. §5102(4).
5. **Pass-through entity.** “Pass-through entity” for purposes of section 6 means a partnership, limited liability company or similar entity, and S corporation. The term does not include financial institutions regardless of organization, and also does not include trusts and estates.

Section 2. GENERAL INFORMATION

Maine law requires employers and other persons to withhold money from certain payments, most commonly wages, and submit that money to Maine Revenue Services for application against the Maine income tax liability of employees and other payees. The amount of withholding must be calculated according to the provisions of this rule and must constitute a reasonable estimate of the Maine income tax due on the receipt of the payment. Amounts withheld must be paid over to Maine Revenue Services on a periodic basis as provided by Maine law and by this rule. Forms prescribed by the assessor must be used.

Section 3. PERSONS REQUIRED TO WITHHOLD MAINE INCOME TAX

1. **Generally.** 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 Maine income tax, unless the payment constitutes income that is excluded from taxation under Maine law.
2. **Pass-through entities.** A pass-through entity doing business in Maine must withhold Maine income tax for nonresident members based on Maine-source member income.
3. **Voluntary withholding.** An employer or other person who is not otherwise required to withhold Maine income tax may register solely for the purpose of withholding Maine income tax if the employer or other payer and the employee or other payee agrees to have Maine income tax withheld. Once registered, the employer or other payer will be treated as a person required to withhold Maine income tax and must comply with the reporting and payment requirements set forth in this rule.

Section 4. WAGE METHODS OF WITHHOLDING

1. Methods.

Any of the following methods may be used by persons responsible for withholding to determine the amount of Maine income tax to be withheld from payments subject to the federal wage method of withholding. Generally, the amount of withholding is determined based on the information provided on the Maine Employee’s Withholding Allowance Certificate (Form W-4ME). The payroll period

used to determine Maine income tax withholding is the same period used to determine federal income tax withholding or, if federal withholding is not required, the period that would be required to be used if federal income tax withholding were required.

- A. Percentage method.** The amount of tax to be deducted and withheld under the percentage method of withholding is determined using the applicable percentage method tax rate schedule contained in the current year “Withholding Tables Maine Individual Income Tax” booklet prepared by Maine Revenue Services according to the instructions contained therein.
 - B. Wage-bracket tables method.** The amount of tax to be deducted and withheld under the wage-bracket table method is determined using the applicable wage bracket withholding table contained in the current year “Withholding Tables Maine Individual Income Tax” booklet with respect to the period in which such wages are paid. Each table consists of wage brackets that establish the tax to be withheld by number of withholding allowances.
 - C. Other methods.** If neither the percentage method nor the wage-bracket method of withholding properly reflects an amount substantially equivalent to the tax reasonably estimated to be due from an employee’s wages, either the person responsible for withholding or the employee or other payee may request permission from the State Tax Assessor (the “Assessor”) to use an alternate method acceptable to both the payee and payer. Claiming a larger number of withholding allowances for Maine purposes than for federal purposes is not allowed unless expressly authorized in writing by the Assessor.
- 2. Wages paid to Maine residents working outside of Maine.** If for any payroll period an employer is required to deduct and withhold from the wages paid to a resident of Maine the income taxes of another state of the United States, a political subdivision of any such state, the District of Columbia or any political subdivision of a foreign country that is analogous to a state of the United States levied upon such wages, the employer shall deduct and withhold under the provisions of 36 M.R.S.A. chapter 827 for that payroll period the Maine withholding amount calculated on all of that employee’s wages, less the amount required to be deducted and withheld on account of those wages under the laws, rules or regulations of that state, political subdivision or district.
- 3. Exemptions from wage withholding.** Exemptions from withholding are available as follows:

 - A. Withholding from payments to nonresidents.** Generally, employers who are required to withhold federal income tax from wages to a nonresident must also withhold Maine income tax from those wages if the wages constitute Maine-source income that is not excluded from taxation under Maine law. An employee who is exempt from Maine income tax due to the 10-day nontaxable threshold under 36 MRSA section 5142(8-A) applicable to nonresidents is exempt from Maine income tax withholding.

An employee initially treated as exempt from Maine income tax withholding due to the nonresident taxability threshold becomes subject to Maine income tax withholding immediately upon exceeding the 10-day threshold at any time during the year. Because income earned during the first 10 days worked in Maine is taxable by Maine once the threshold is exceeded, employers should work with employees in this situation to ensure that Maine withholding is adequate to cover Maine income tax liability for the tax year; this may involve the employee signing a new Maine Employee’s Withholding Allowance Certificate (Form W-4ME) pursuant to section 8.

- B. Federal exemption from withholding.** An employee who is exempt from federal income tax withholding is also exempt from Maine income tax withholding.
- C. Election to be exempt from withholding.** A resident employee who is subject to federal income tax withholding may elect to be exempt from Maine income tax withholding if the employee had no Maine tax liability for the prior calendar year and expects to have no Maine tax liability for the current year. The election must be made on Form W-4ME and expires at the end of the year in which it is made. If an employee who elected to be exempt from withholding fails to submit a Form W-4ME for the next calendar year, the employer must begin withholding as required above.

Section 5. WITHHOLDING FROM NON-WAGE PAYMENTS

- 1. Flat rate withholding.** Non-wage payments subject to flat-rate federal withholding are subject to Maine withholding at a flat rate of 5 percent. Payments subject to flat rate withholding include, but are not limited to, the following:
 - A.** Reportable payments that are subject to federal backup withholding pursuant to the Code, Section 3406;
 - B.** Wages, interest, dividends, rent and other payments to nonresident aliens of the United States that are subject to federal withholding under the Code, Section 1441;
 - C.** Payments to foreign corporations that are subject to federal withholding under the Code, Section 1442;
 - D.** Payments of certain gambling winnings when subject to federal withholding under the Code, Section 3402(q);
 - E.** Effectively connected income of a foreign partner when subject to federal withholding under the Code, Section 1446;
 - F.** Amounts received on the disposition of a Maine real property interest by a foreign person when subject to withholding under the Code, Section 1445; and
 - G.** Non-periodic distributions from certain retirement plans, including Individual Retirement Accounts (IRAs), employer sponsored deferred compensation plans and self-employed pension plans when subject to federal withholding.
- 2. Withholding from periodic retirement payments.** Maine income tax withholding from periodic retirement payments that are treated as wages for federal income tax withholding purposes pursuant to the Code, Section 3405(a) is calculated in the same manner as Maine income tax withholding from wages using the methods described in section 4, subsection 1. Recipients of periodic retirement payments who elect to be exempt from federal income tax withholding are exempt from Maine income tax withholding unless voluntary Maine withholding is requested. Even if the periodic payments are subject to federal income tax withholding, recipients may elect to be exempt from Maine income tax withholding, provided the recipient certifies that the recipient had no Maine income tax liability for the prior calendar year and expects to have no

Maine income tax liability for the current calendar year. The election must be made on Form W-4ME and remains in effect until the recipient generates a Maine income tax liability.

Section 6. PASS-THROUGH ENTITY WITHHOLDING

1. Withholding Amount.

- A. Rate.** Unless exempt either pursuant to this rule or by the Assessor, either by ruling or in published instructions, a pass-through entity must withhold 8.5% of Maine-source member income for each nonresident member, except that for nonresident members that are C corporations, the withholding rate is 8.93%.
- B. Quarterly amounts.** Withholding is calculated on a quarterly basis. The amount to be withheld each quarter is based upon the Maine-source member income of the nonresident members for the entity year that includes the quarter for which the entity is reporting. The quarterly amount that must be paid by the entity is equal to the sum of the quarterly withholding amounts for each of its nonresident members. The annual amount to be withheld from each nonresident member must equal no less than the amount calculated by multiplying the applicable tax rate in paragraph A by 90% of the current year Maine-source member income of the nonresident member.

2. Tiered pass-through entities

- A.** A tiered entity structure is one in which some or all of the ownership interest in one pass-through entity (lower-tier entity) is held by a second pass-through entity (upper-tier entity). A tiered entity structure may have two or more tiers.
- B.** Unless exempt, either pursuant to this rule or by the Assessor, either by ruling or in published instructions, a pass-through entity must withhold for its nonresident members, including members who are pass-through entities. To prevent multiple withholding on the same income, an upper-tier entity that recognizes distributive income is not required to withhold from nonresident member income generated by a lower-tier entity if the lower-tier entity has already withheld from that income. The upper-tier entity, however, must separately report to its members (on Form 1099ME) their proportionate distributive share of amounts withheld by the lower-tier entity.
- C.** Upon written application and with the approval of the Assessor, a lower-tier entity may meet its withholding obligation for an upper-tier entity by directly withholding from the distributive income of the nonresident members of the upper-tier entity. If approval is granted, the lower-tier entity is required to report (on Form 1099ME) directly to the nonresident members the amounts withheld.

3. Exemptions.

- A. Automatic exemptions.** A pass-through entity is not required to withhold tax for a nonresident member if any of the following applies:
 - 1.** The nonresident member's Maine-source member income from the entity will be less than \$1,000 for the current year;

2. The nonresident member is a tax-exempt entity under either Maine law or federal law (including IRAs, Keoghs, pension and profit-sharing plans and other such organizations), unless the Maine-source member income of the tax-exempt entity is unrelated business income; or
 3. The nonresident upper tier pass-through entity realizes income from a lower tier entity and the lower tier entity has already withheld on the basis of that income.
- B. Compliant taxpayer exemption.** To be exempt under the compliant taxpayer exemption, each nonresident member must sign and submit to the entity a Nonresident Member Affidavit and Agreement for Compliance with Maine Income Tax (Form 941AF-ME). The entity must submit a Pass-through Entity Withholding Exemption Form and a List of Participating Members, which must include the nonresident member's information. The nonresident member must not have been previously disqualified from this exemption and must continue to stay in compliance by submitting required returns.
- C. Composite filing exemption.** A composite filing is a simplified group return for two or more individual nonresident members of a pass-through entity. To be allowed a composite filing exemption, the entity must collect a Composite Filing Participation Statement from each nonresident member that is participating in the composite filing. The entity must submit a Pass-through Entity Withholding Form (941ME), including a list of composite filers and those choosing not to file by composite return, to MRS and the entity must make estimated payments on behalf of the composite filing group. The entity must file the composite return, including Schedule 1040C-ME and Schedule NRC, even if there is no tax liability for the group.
- D. Requested exemptions.** An exemption applies if the Assessor has determined, upon written approval and subject to any conditions that may be imposed, that the nonresident member's Maine-source member income is exempt from withholding.
- E. Revocation of exemptions.** The Assessor may revoke an exemption at any time. If an exemption is revoked, the entity will be notified in writing and must begin withholding immediately.

Section 7. REPORTING

1. **Generally.** Every person that deducts and withholds Maine income tax under 36 M.R.S.A. Part 8, must, for each calendar quarter, on or before the last day of the month following the close of the calendar quarter or such other reporting period as the Assessor may require, file a withholding return and remit payment as prescribed by the Assessor. The Assessor shall prescribe the voucher required to be filed with the payments. Maine Revenue Services maintains separate withholding accounts for pass-through entity withholding and for employee wage withholding. Separate reporting is required using different returns and forms for each withholding type. A withholding agent for a person required to remit withholding may remit and report withholding on behalf of the person if authorized in writing to do so by the person.
2. **Quarterly return.** In general, every person required to make a return of income tax withheld pursuant to 36 MRSA §5253 (employers with Maine employees and pass-through entities with Maine income and nonresident members) must make a return for the first calendar quarter in which the person is required to deduct and withhold such tax and for each subsequent calendar

quarter, whether or not income subject to withholding is earned or payments subject to withholding are made therein, until the person is no longer required to make such returns and has so notified the Assessor. The quarterly return must include the name, identification number and amount withheld from each employee or other payee subject to withholding during the calendar quarter.

- 3. Annual reconciliation.** Employers and other payers who withhold Maine income tax during the calendar year must file an annual reconciliation (Form W-3ME) on or before February 28 of the following year. The annual reconciliation must list the total amount withheld as shown on the employee or other payee statements and the total amount of withholding reported on the quarterly returns filed for the year.
- 4. Employee or other payee or member information statement.** The information statement that the withholder is required to furnish to the employee or other payee pursuant to 36 M.R.S.A. §5251 is a copy of the federal Wage and Tax Statement (Form W-2) in the case of an employee, or the appropriate federal information statement (Form 1099 series, etc.) for payments other than wages. In the case of a member of a pass-through entity, the information statement is Maine Form 1099ME.

For Maine purposes, statements must be furnished to employees or other payees by the same due date required under regulations promulgated by the Internal Revenue Service. Copies of Forms W-2 provided to nonresident employees working in Maine must separately identify Maine-source income and Maine withholding in the boxes provided for state information. Employers must maintain records sufficient to identify the Maine-source wages paid to each of its employees during the year and to document the number of days worked by each employee in Maine, even if the employee is exempt from Maine income tax or Maine withholding. In addition to following all federal legal requirements for filing all Wage and Income Information Statements (W-2s, 1099s, etc.), the information filed with Maine Revenue Services must include Maine-source income and withholding information.

- 5. More frequent reporting.** Filing of withholding tax returns must be done at least quarterly. The Assessor may require more frequent reporting if the Assessor believes that the collection of withheld taxes is in jeopardy or if the Assessor determines that any person required to deduct and withhold Maine income tax has failed to collect, truthfully account for or pay over such tax or file returns in a timely manner.
- 6. Adjustment of overpayments**
 - A. Within a reporting period.** If an employer or other payer deducts and withholds more than the correct amount of tax required by 36 M.R.S.A. chapter 827 from an employee or other payee and repays the amount of the overcollection to the employee or other payee before the return for the period is filed with the Assessor and obtains a written receipt from the employee or other payee, the employer or other payer need not report on the return, or pay to the Assessor, the amount of the overcollection. Any overcollection not repaid to and receipted by the employee or other payee must be reported and paid to the assessor with the return for the return period in which the overcollection was made.
 - B. Within a calendar year.** If, in any return period in a calendar year, an employer or other payer deducts and withholds more than the correct amount of tax required by 36 M.R.S.A. chapter 827 from an employee or other payee and the amount of such overcollection is paid to the Assessor, the employer or other payer may reimburse the employee or other payee in

any subsequent return period within the calendar year. If the amount of the overcollection is repaid to the employee or other payee, the employer or payer must retain a written receipt showing the date and amount of the repayment. The employer or payer may then file an amended return with the Assessor for the period in which the overcollection was made reporting the correct amount of withholding for the period. The amended return must contain such information as is required by the instructions relating to the form. If the employer or other payer does not repay the amount of the overcollection, the employer or other payer may, within the same calendar year of the overcollection, reduce the Maine withholding amount otherwise required for that calendar year by the amount of the overcollection. In this case, no amended return is required.

Section 8. FORM W-4ME

- 1. Maine withholding allowance certificate (Form W-4ME).** An employee or other payee must furnish the payer with a signed Maine Employee's Withholding Allowance Certificate (Form W-4ME) on the same date as the required federal Withholding Allowance Certificate (Form W-4 or W-4P). The employee or payee must indicate on the Maine certificate the same marital status claimed on the federal certificate, except that a married employee or payee may elect withholding at the higher single rate by indicating the "married but withhold at single rate" option. The Maine certificate must also list the number of withholding allowances the employee or other payee claims for Maine withholding, which may not exceed the number to which the employee or other payee is entitled. The number of withholding allowances claimed on the federal Form W-4 or W-4P is the base for the number claimed on the Form W-4ME. However, the number of allowances claimed for federal withholding must be adjusted for Maine withholding in accordance with the instructions on the Maine Withholding Allowance Certificate to reflect differences between federal and Maine income tax laws. The number of withholding allowances claimed on the Maine Withholding Allowance Certificate may not exceed the number of allowances used to calculate the employee's federal income withholding unless that employee has provided an approved withholding exemption variance certificate to the employer.

If the employee or other payee is required to provide the employer or other payer with a revised federal Form W-4 or W-4P because of a change in status or decrease in the number of withholding allowances, the employee or other payee must also complete a new Maine Employee's Withholding Allowance Certificate (Form W-4ME) on the same date to reflect the same change. The revised Form W-4ME takes effect on the same date as the revised federal Form W-4 or W-4P.

- 2. Submission by employer of certain Maine Forms W-4ME.** 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 circumstances in this subsection applies:
 - A.** The employer is required to submit a copy of federal Form W-4 to the Internal Revenue Service either by written notice or by published guidance as required by federal regulation 26 CFR 31.3402(f)(2)-1(g); or
 - B.** An employee performing personal services in Maine furnishes a Form W-4ME to the employer containing a non-Maine address and for any reason claims no Maine income tax is to be withheld. This submission is not required if the employer reasonably expects that the employee will earn annual Maine-source income of less than \$5,000.

The copies of Form W-4ME required by this subsection must be submitted directly to the Withholding Unit separately from any other tax filings.

3. **Missing or invalid Forms W-4 or W-4P.** In any of the circumstances described in this subsection, an employer or other payer must withhold as if the employee or other payee were single and claiming no allowances. Maine income tax must be withheld at this rate until such time that the employee or other payee provides a valid Form W-4ME. The circumstances are that:
 - A. The employee has not provided a valid, signed Form W-4ME.;
 - B. The employee's Form W-4 or W-4P is determined to be invalid for the purpose of federal withholding;
 - C. The Assessor notifies the employer that the employee's Form W-4ME is invalid; or
 - D. The employee's Maine Withholding Exemption Variance Certificate has expired, a new variance certificate has not been approved and submitted to the payee, and the employee has not provided the payee with a valid Form W-4ME.

If at any time the Assessor determines that the amount being withheld is inadequate, the Assessor may notify the employer of that determination and inform the employer of the appropriate withholding rate. The withholding rate specified by the Assessor will then remain in effect until the employer is notified that the rate is no longer fixed. At that time the employee may complete a new Form W-4ME and submit it to the employer.

4. **Electronic Form W-4ME.** An employer or other payer may establish a system for its employees or other payees to file withholding exemption certificates electronically.
 - A. The electronic system must ensure that the information received by the employer or other payer reflects the information furnished by the employee or other payee and must document all occasions of employee or other payee access that result in the filing of a Form W-4ME. In addition, the design and operation of the electronic system, including access procedures, must ensure with reasonable certainty that the person accessing the system and filing the Form W-4ME is the employee or other payee identified in the form.
 - B. The electronic system must provide the employer or other payer with exactly the same information as the paper Form W-4ME.
 - C. The electronic filing must be signed by the employee or other payee under penalties of perjury.
 1. The jurat (perjury statement) must contain the language that appears on the paper Form W-4ME. The electronic program must inform the employee or other payee that the employee or other payee must make the declaration contained in the jurat and that the declaration is made by signing the Form W-4ME. The instructions and the language of the jurat must immediately follow the employee's or other payee's income tax withholding selections and immediately precede the employee's or other payee's electronic signature.

- 2. Lookback period defined.** The lookback period for each calendar year is the 12-month period ending on the preceding June 30th. For example, the lookback period for calendar year 2010 is the period July 1, 2008 through June 30, 2009.
- 3. Determination of status.** Except in the case of pass-through entity withholding for nonresident members, the determination of a withholder's remittance schedule for a calendar year is based on the aggregate amount of withheld taxes reported by the withholder for the lookback period. New withholders are treated as having withholding tax liability of zero for any calendar quarter within the lookback period during which the withholder did not exist.

- A. Semi-weekly remitters.** A withholder must remit on a semi-weekly basis for the entire calendar year if the aggregate amount of withholding reported for the lookback period was \$18,000 or more. A semi-weekly remitter must remit according to the following schedule:

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

If payment is made by check, the check must be accompanied by the payment voucher, Form 900ME. If a quarterly reporting period ends within a semi-weekly period, and if wages are paid on payment dates that fall in each of the 2 quarters, separate remittances must be made for each quarter. For example, if one quarterly return period ends on Thursday and a new quarterly return period begins on Friday, tax withheld from payments made on Wednesday and Thursday are subject to one remittance requirement and tax withheld from payments made on Friday are subject to a separate remittance requirement. If payment is made by check, separate payment vouchers (Form 900ME) must be used that refer to the correct quarterly reporting period for each of the remittances. If payment is made by EFT, separate remittances must be made that identify the correct quarterly reporting period and Form 900ME vouchers should **not** be filed.

- B. Quarterly remitters.** A withholder is a quarterly remitter for the entire calendar year if the aggregate amount of withholding reported for the lookback period was less than \$18,000. The quarterly remitter must remit the amount withheld from payments made during a calendar quarter on or before the last day of the month following the close of the calendar quarter. If paying by check, the payment must accompany the quarterly return.
- 4. Interest and penalty.** If a required return is filed late or a required payment is paid late, interest and penalties as provided in Title 36 may apply.
- 5. Refund of income tax withheld.** A withholder who pays to the Assessor more than the correct amount of income tax withheld may file a claim for refund of the overpayment by filing an amended return in accordance with this subsection and Section 7, subsection 6, paragraph B for the period for which the overpayment is made. The amended return must be filed within the open period for refund. Overpayments of withheld income tax remitted for periods occurring in a prior calendar year will be refunded only to the extent that the amount of the overpayment was not deducted and withheld by the employer or other payer. Any amount actually withheld from an employee or other payee during a prior calendar year, even if in error, must be claimed as a credit by the employee or other payee on that individual's personal income tax return.
- 6. Payment application -- combined quarterly return.** A payment received with a combined quarterly return on which the employer is reporting both Maine income tax withheld for

employees and Maine unemployment contributions will be allocated between the two taxes in the following manner:

- A. If the remittance equals the entire amount due, both taxes will be paid in full;
- B. If the remittance is less than the total amount due on the quarterly return, it will be prorated between the two taxes using the correct amounts due for each tax. However, if the underpayment was caused by an incorrect calculation of one of the taxes and the employer paid the amount calculated as due for both taxes, the remittance will be used first to pay the correctly computed tax and the balance will be applied to the tax that was incorrectly calculated; or
- C. If the amount remitted is more than the total amount due on the quarterly return, the payment will be allocated in the following manner:
 - (1) Both taxes due for that quarter will be paid in full;
 - (2) The remainder of the payment will be prorated using all amounts outstanding for the two taxes and applied to those arrears;
 - (3) Any balance remaining after all arrears for the two taxes are satisfied will be applied to any other tax debt owed to Maine Revenue Services; and
 - (4) Any balance remaining thereafter will be refunded to the employer.

7. **Payment application -- combined bill.** A payment received as the result of a billing notice on which the employer is billed for both Maine income tax withheld for employees and Maine unemployment contributions will be prorated between the two taxes using the tax amounts due as recorded on the bill.

Section 10. ELECTRONIC FILING AND PAYMENT

1. **Electronic filing of returns.** Employers and payroll processors that meet any one of the thresholds specified in Maine Revenue Services Rule 104 must electronically file original quarterly returns for Maine income tax withholding (Forms 941ME and 941/C1ME) and annual reconciliation of Maine income tax withheld (Form W-3ME).
2. **Electronic funds transfer.** Maine Revenue Services accepts payments by electronic funds transfer ("EFT"). Generally, a person with an annual Maine income tax withholding liability that meets the threshold specified in Maine Revenue Services Rule 102 must remit the required amounts electronically. Payroll processors must remit all Maine income tax withholding payments electronically, regardless of annual liability. Others may participate in EFT voluntarily. The payment voucher, Form 900ME, must not be filed when remitting by EFT. Withholders that remit by EFT must still file the quarterly return to report withholding information.

Section 11. REGISTRATION

1. Registration by persons required to withhold income tax.

Persons required by Maine law to withhold or who voluntarily withhold Maine income tax must register with the Maine Department of Labor's Central Registration Unit as a withholder. Registration is accomplished by completing the application form provided by Maine Revenue Services and submitting it according to the instructions on the form or via electronic registration.

2. Cancellation of Withholding Registration.

A person who is registered to withhold Maine income tax but who no longer has a withholding obligation must notify the Assessor that withholding is no longer required and that the withholder account is to be canceled. The notification must be on the cancellation form provided by the Assessor and must include the reason that Maine income tax withholding is no longer required and the date the withholding obligation ceased. If the business has been sold or otherwise transferred to another person, the name and address of that person and the date of the sale or transfer must be included. If no such sale or transfer occurred, or the employer or other payer does not know the name of the person to whom the business was sold or transferred, that fact must be included in the notification.

STATUTORY AUTHORITY: 36 M.R.S.A. §112

EFFECTIVE DATE:

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February 17, 1991
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