

Maine Revenue Services and Department of Labor Combined Filing for Income Tax Withholding and Unemployment Contributions

2014



Form 941/C1-ME

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Electronic Filing

Electronic Payments



www.maine.gov/revenue

Use this booklet to report employee or payee income tax withholding, unemployment contributions and competitive skills scholarship program assessments. Do not use this booklet to report nonresident member withholding for pass-through entities. For more information regarding withholding for nonresident members of pass-through entities, go to www.maine.gov/revenue/incomeestate.

Electronic Filing and Payment Requirements

Electronic Filing. MRS Rule 104 generally requires all employers and non-wage payers registered for Maine income tax withholding to electronically file Maine quarterly tax returns and annual reconciliation of Maine income tax withholding and unemployment contributions. Waivers are available if the requirement causes undue hardship. See MRS Rule 104 at www.maine.gov/revenue/rules and page 8 for details.

Electronic Payments Required. Beginning in 2014, taxpayers that have a combined tax liability for all Maine taxes of \$12,000 or more during the lookback period ending in 2013 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. Waivers from this requirement for good cause may be requested. See MRS Rule 102 at www.maine.gov/revenue/rules and page 8 for details.

For questions on filing income tax withholding returns electronically, call 626-8475, press 1, option 4 or email withholding.tax@maine.gov.

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.

MAINE REVENUE SERVICES PRIVACY POLICY

Maine Revenue Services (“MRS”) maintains the highest standards in handling personally identifiable taxpayer information. Taxpayers have the right to know what information is kept on file about them, to have reasonable access to it, and to receive a copy of their file. Under penalty of law, employees and agents of MRS are prohibited from willfully inspecting information contained on any tax return for any purpose other than the conduct of official duties. In addition, MRS employees and agents are prohibited from disclosing tax information to anyone other than the taxpayer except in a limited number of very specific circumstances. No unassociated third parties may receive information pertaining to tax returns without written permission from the affected taxpayer except as allowed under 36 M.R.S.A. § 191. Communications that do not meet the definition of tax information are subject to the general confidentiality and public inspection provisions of Maine’s “Freedom of Access” laws. When confidential taxpayer information is stored by MRS, it is kept in a secure location where it is accessible only to authorized employees and agents of MRS. If you have any questions regarding the Privacy Policy, please contact MRS at (207) 626-8475.

PAYROLL PROCESSORS

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 who 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, (207) 624-8527 or www.credit.maine.gov, that the processor is licensed and has provided proof of fidelity insurance to protect payroll funds, including coverage for crimes such as fraud and theft. If the processor has access to your company’s tax funds, verify with the state that the processor has also posted a surety bond or letter of credit, or is enrolled in the state’s Payroll Processor Recovery Fund.
- ✓ 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 or the Bureau of Consumer Credit Protection 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 from the IRS or MRS.
- ✓ 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.

A payroll processor is an entity that performs the following services for one or more employers or non-wage filers: prepares and issues payroll checks, prepares and files state or federal income tax withholding reports or unemployment insurance contribution reports or collects, holds and turns over to the State Tax Assessor or to Federal tax authorities income tax withholding or unemployment insurance contributions. By January 31st of each year, all payroll processing companies must obtain a license from the Maine Department of Professional and Financial Regulation, Bureau of Consumer Credit Protection (www.credit.maine.gov).

All payroll processors must provide proof of fidelity insurance equal to twice the highest gross weekly payroll processed by the business in the preceding year or \$5,000,000, whichever is less. For fidelity insurance coverage, the processor may choose from a fidelity bond, employee dishonesty bond, third-party fidelity coverage or liability insurance that includes crime coverage.

Payroll processors who have authority to access, control, direct, transfer or disburse a client’s funds must also provide evidence of a surety bond in an amount equal to the total of all local, state and federal tax payments and unemployment contributions remitted by the payroll processor on behalf of employers in this state in the three consecutive month period of highest volume during the

previous calendar year or \$50,000, whichever is greater. The bond need not exceed \$500,000. A letter of credit or participation in the state’s Payroll Processor Recovery Fund can be substituted for a surety bond. A payroll processor must provide certain information to each client at least every quarter. Such information includes an accounting of funds received and disbursed, contact information for state and federal tax agencies to verify payments have been made, and notice that bonding does not necessarily ensure that all claims will be covered if the payroll processor fails to comply with its responsibilities.

A payroll processor may not designate itself as the sole recipient of notices from state or federal authorities for nonpayment of taxes or unemployment contributions. A payroll processor shall ensure that such notices are provided directly to the affected employers or non-wage filers.

Failure to license or abide by all statutory requirements will subject a payroll processor to certain civil penalties. Further information and applications may be obtained from the Bureau of Consumer Credit Protection. Call (207) 624-8527 or visit the web site at www.credit.maine.gov (select “Rosters”, then go to “Payroll Processor Companies”).



Complete this form to report a change in your withholding account contact information or to cancel your withholding or unemployment contributions account. Incomplete forms will not be processed.

Mail to: Maine Revenue Services, Central Registration Unit
P.O. Box 1057, Augusta, ME 04332-1057 Fax 207-287-6975

Step 1

Identify your business as currently on file with Maine Revenue Services.

Current Name:
Current Address:
Current Phone Number:
Withholding Account Number: UC Employer Account Number:

Step 2

List your new contact information; enter only if different from current information.

New Name:
New ATTN Line:
New Address:
New Email Address:
New Phone Number: Effective Date of Change

NOTE: Do not enter a payroll processor's address or other contact information here.

Step 3

Request to cancel account. (Do not report cancellation for a seasonal shutdown period.)

Check this box to cancel your withholding account
Check this box to cancel your unemployment insurance contributions account.
Reason for Cancellation: Business Closed
Business Sold to: Name: Address: Date Business Sold:
Other
Date the business no longer had employees Date of last payroll

Step 4

Sign and mail your report.

Under penalties of perjury, I certify that the information contained on this form is true and correct.
Print Name:
Signature: Title:
Date: Daytime Phone:

For Paid Preparers Only

Paid Preparer's Signature: Date:
Firm's Name (or yours if self-employed): Phone:
Address:
EIN/SSN: Maine Payroll Processor License Number:

UNEMPLOYMENT INSURANCE CONTRIBUTION RATES FOR 2014

Wage Base – For tax year 2014, employers pay unemployment contributions on the first \$12,000 of each employee's gross earnings.

Experience rating system and tax rates – Each employer's contribution rate is determined using the Department of Labor ("DOL") "experience rating" system. The employer's experience rate is determined through multiple factors over time. The rate may be higher or lower than the average employer rate. The rate reflects an employer's history of average taxable wages, contributions paid and benefits charged.

Technical explanation of tax rates - Every year, the Reserve Ratio is recalculated for each employer. This recalculation may or may not result in a rate change.

All employers are then **arrayed** into a list in descending order by their Reserve Ratios. They are divided into 20 categories with approximately the same amount of taxable wages in each category.

These 20 categories each have an experience factor. The experience factor is the proportion of the average contribution rate that is payable by employers in that category.

The planned yield is determined from a set of formulas. It is the percentage of total (taxable) wages necessary to generate the desired amount of revenue. The **planned yield** for 2014 is set at 0.9%.

The predetermined yield, or average contribution rate, is then computed. It is the average contribution rate needed to generate the desired amount of revenue for the amount of taxable wages.

The contribution rates for the 20 categories are computed by multiplying the **predetermined yield** by the **experience factors** for each category.

The lowest UI contribution rate for 2014 is 0.73% plus CSSF of 0.06% to equal a combined rate of 0.79%, the highest UI contribution rate for 2014 is 6.80% plus CSSF of 0.06% to equal a combined rate of 6.86%, and the new employer rate for 2014 is 2.58% plus 0.06% CSSF to equal a combined rate of 2.64%.

For more information, go to the Maine Department of Labor web site at www.maine.gov/labor.

New Hire Reporting Requirements

Maine employers are required by law to report certain information to the Department of Health and Human Services ("DHHS") within seven days of the date an employee is newly hired, rehired or terminated. Employers are also required to report the hiring of an independent contractor when reimbursement is anticipated to equal or exceed \$2,500. Employers must report the employee's full name, address, social security number, date of birth and date of hire, rehire or termination, as well as the employer's name, address, telephone number, Maine Department of Labor Number and federal employer identification number ("FEIN"). If reporting the hiring of an independent contractor, the report must also include the date a contract is executed (or, if no contract, the date payments equal or exceed \$2,500), the total dollar amount of the contract (if any), and the expiration date of the contract (if any).

The required New Hire information may be reported in the following ways:

Voice recognition telephone: This system is available 24 hours a day, 7 days a week. Call (207) 624-7880 or the toll free number 1-800-845-5808 (in-state only).

FAX: FAX a New Hire Report Form to (207) 287-6882 (local call) or the toll free number, 1-800-437-9611 (in-state only). Obtain a New Hire Report Form either by calling (207) 624-4112 or downloading it from the web site at <http://www.maine.gov/dhhs/OIAS/dser/employer/new-hire.html>.

Regular mail: Mail your report to:

Division of Support Enforcement and Recovery
New Hire Reporting Program
11 State House Station, Augusta, ME 04333-0011

Internet: New Hire Portal: <https://portal.maine.newhire@maine.gov>.

New Hire information provided by Maine employers helped increase child support collected by payroll deductions to over \$70 million in fiscal year 2008. This has made a great difference in the lives of many children who otherwise might not have received the financial support to which they are entitled. For more information about New Hire Reporting, call the Department of Health and Human Services, Division of Support Enforcement and Recovery at (207) 624-4112 or access the web site at www.maine.gov/dhhs/OIAS/dser/employer/new-hire.html.

Unclaimed Property Reporting Requirements

Maine businesses are required to identify, report and remit unclaimed property to the Office of the State Treasurer in accordance with 33 M.R.S.A., Chapter 41. Information on how to report unclaimed property is available on the Maine State Treasurer's web site at www.maine.gov/unclaimed.

The report must be filed May 1st for life insurance property and gift cards/certificates and November 1st for all other property, such as bank accounts, uncashed checks and securities.

Visit www.maine.gov/unclaimed or call (207) 624-7470 for more information.

WITHHOLDING AND UC FORMS

SEMIWEEKLY PAYMENTS OF WITHHELD INCOME TAXES: If your withholding tax remittance frequency is semiweekly and wages or non-wage payments are paid on Wednesday, Thursday or Friday, payment of withheld income taxes is due the following Wednesday. If the wages or non-wage payments are paid on Saturday, Sunday, Monday or Tuesday, the payment of withheld income taxes is due the following Friday. **If you are required to make semiweekly payments, you must make the payments electronically. However, waivers from electronic payments for good cause may be requested. See Rule 102 at www.maine.gov/revenue and page 8 for details.**

FORMS 941ME & 941/C1-ME - QUARTERLY RETURN OF INCOME TAX WITHHOLDING AND UNEMPLOYMENT CONTRIBUTIONS must be filed by all employers or non-wage filers 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 unemployment contributions for the quarter, to report employee or payee wage listing information 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.

FORM W-3ME - ANNUAL RECONCILIATION: Due February 28 of the following year or at termination of business.

FORMS W-2, 1099, etc. Employee income and withholding statements must be furnished to payees by **January 31st** of the succeeding year. If employment ends before December 31, you may furnish copies to the employee at any time after employment ends, but no later than January 31. If a terminated employee requests Form W-2 in writing, you must give the employee completed copies within 30 days of the request or within 30 days of the final wage payment, whichever is later. A person/employer who furnishes a false or fraudulent statement or fails to furnish a statement commits a civil violation subject to a fine of \$50 for each failure.

FOR INFORMATION ON FILING THE ABOVE FORMS ELECTRONICALLY, SEE PAGE 8.

GENERAL INSTRUCTIONS

Returns must be completed and filed with Maine Revenue Services each quarter according to the following schedule:

<u>Quarter</u>	<u>Period Covered</u>	<u>Due Date</u>
Quarter 1.....	01-01-14 to 03-31-14	04-30-14
Quarter 2.....	04-01-14 to 06-30-14	07-31-14
Quarter 3.....	07-01-14 to 09-30-14	10-31-14
Quarter 4.....	10-01-14 to 12-31-14	02-02-15

Note: A combined return must be filed each quarter, even if you had no income tax withheld or unemployment contributions for that period. Each page submitted must have your Withholding Account Number and your Unemployment Account Number clearly printed at or near the top of the page. Do not write notes on wage listing pages.

The combined Maine Revenue Services and Department of Labor return (Form 941/C1-ME) is used to report total income tax withheld for the quarter, to reconcile semiweekly withholding payments made during the quarter, to calculate unemployment contributions for the quarter and to report employee wage listing for the quarter. You are required to record income tax withheld for each employee or payee.

Complete Form 941BN-ME on page 3 when the business terminates or the requirement to withhold permanently ceases, or if there has been a change in the business name, address or telephone number. **Do not make changes on Form 941/C1-ME.**

When using a paid preparer or payroll processor, enter their federal employer identification number ("EIN") and Maine payroll processor license number in the designated fields.

If your current federal EIN (Maine Withholding Account Number) changes, call the Central Registration Unit at (207) 621-5129.

If you have questions regarding unemployment insurance status, determination of contribution rates or general unemployment insurance information, call the Department of Labor at (207) 621-5120. Any other questions regarding this form or income tax in general should be directed to Maine Revenue Services at (207) 626-8475, select 1, option 4.

Interest and Penalties. Beginning January 1, 2014, the interest rate is 7% per annum, compounded monthly. The penalty for failure to pay either the withholding or unemployment contributions on time is 1% per month up to a maximum of 25%. The penalty for failure to file a return on time is 10% of the tax liability or \$25.00 for each tax, whichever is greater. If the return is filed more than 60 days after demand, the penalty is the greater of \$25 or 25% of the income tax withholding due.

Do not staple or tape forms together. Paper clip all Schedule 2/ C1 wage listing pages to the back of the combined withholding/unemployment tax return. Do not mail photocopies of the forms in this book to Maine Revenue Services. Photocopied forms cannot be processed by the Maine Revenue Services scanning system. If you need additional wage listing pages, visit the Maine Revenue Services web site at www.maine.gov/revenue, call (207) 624-7894 or write: Maine Revenue Services, P.O. Box 1060, Augusta, ME 04332-1060.

REPORTING THIRD-PARTY SICK PAY

Many employers that provide wage protection for employees who miss work due to illness or injury often do so through a third party, such as an insurance company. Sick pay paid by a third party that is considered wages for federal purposes is treated as wages for Maine purposes and subject to voluntary withholding as requested by the employee.

A third party that withholds Maine income tax from sick pay is required to remit payment and file withholding returns under the

same rules that apply to employers. The third party must file returns under its own EIN and include all Maine income tax withheld for the quarter. The return must include, on Schedule 2/C1, the amount withheld from each employee/payee, even if the Wage Statement (Form W-2) reflecting the sick payments will be issued by the employer and not the third party. **Employers: Do not include on Form 941/C1-ME any Maine income tax withheld and remitted by a third party from sick payments.**

REPORTING THIRD-PARTY SICK PAY, continued

For Unemployment Contributions purposes, taxable wages include any sick, accident, disability or medical payments, or payments for hospitalization expenses in connection with sickness or accident disability, if the payment was made by an employer or a third party within six months after the end of the month in which the employee ceased work for that employer. Third party payers: Do not include sick pay and disability payments on Form 941C/1-ME.

Instead, report the payments to the employer. **Employers must include in Column 15 on Schedule 2/C1 the entire amount of sick and disability payments paid to each employee during the quarter if those payments fall within the period. Also include the payments on Form 941C/1-ME, line 6, any excess amount on line 7, and any portion falling within the taxable wage base on line 8.**

SPECIFIC INSTRUCTIONS

LABEL. Affix the label provided with this booklet to the designated area on the form. This label will expedite the processing of your return. Do not use the forms in this booklet unless you affix a label to the form.

Part One Income Tax Withholding

Line 1. Enter the total amount of Maine income tax withheld from Schedule 2/C1 – Quarterly Income Tax Withholding and Unemployment Contributions Wages Listing, line 18b. All employers and non-payroll filers who paid reportable wages or made non-wage payments during the quarter must complete Schedule 2/C1. See the instructions for Schedule 2/C1 on page 7.

Line 2. Enter the total dollar amount of semiweekly payments you have already remitted from Schedule 1/C1 – Reconciliation of Semiweekly Payments of Income Tax Withholding, line 12. If you did not make payments of income tax withholding during the quarter, enter zero. For information about who is required to make semiweekly payments of income tax withholding, see instructions for Schedule 1/C1 on page 7.

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

Part Two Unemployment Contributions Report

Lines 4 and 5. Failure to complete lines 4 and 5 will result in additional paperwork for you to complete.

Line 4. Enter for each month the total of all full-time and part-time workers who worked, or received pay reportable for unemployment contributions purposes during the payroll period which includes, the 12th of each month. If you had no employment in the payroll period, enter zero (0).

Line 5. Enter the number of female workers who worked or received pay reportable for unemployment contributions purposes during the payroll period and are included in the totals on line 4.

Line 6. Complete Schedule 2/C1 (see instructions on page 7). Enter on this line the total Unemployment Contributions Gross Wages Paid this quarter. This amount should equal Schedule 2/C1, line 18a. If there are no wages, enter zero (\$0.00). An amount for wages or zero (\$0.00) must be entered on this line. If zero, do not complete Schedule 2/C1, column 15 (UC Gross Wages).

Line 7. Enter the sum of the amount of each individual's wages

paid in this quarter which is in excess of \$12,000 for the year. For example, the wages of an employee paid \$5,000.00 in each quarter would be reported as follows (this is an example):

	Total	Excess	Taxable
1st Quarter.....	\$5000.00	\$.00	\$5000.00
2nd Quarter.....	5000.00	.00	5000.00
3rd Quarter.....	5000.00	3000.00	2000.00
4th Quarter.....	5000.00	5000.00	.00

Line 8. Subtract the excess wages on line 7 from the total gross reportable wages on line 6. Enter the difference here.

Note: Excess wages cannot be greater than total reportable wages.

Line 9a. Enter your UC rate on this line. To offset the cost of the CSSF assessment (see Line 9c below), the UC rate for each employer is reduced by an amount equal to the CSSF rate.

Line 9c. Competitive Skills Scholarship Fund Assessment. The Competitive Skills Scholarship Fund (“CSSF”) program is coordinated by the Department of Labor’s Career Centers to provide training to unemployed and underemployed low income Maine workers. The program is intended to address the growing skill gap in the workforce and to help businesses get the trained workers they need. The program is funded by an assessment of .06% of taxable wages reported on line 8. *Direct reimbursable employers are not subject to the assessment.* If your UC rate is zero, then the CSSF rate is also zero. For more information about the CSSF program, contact the Maine Dept. of Labor at 621-5120 or by email at division.uctax@maine.gov.

Line 10. Calculate the total unemployment contributions and CSSF assessment due this quarter by adding lines 9b and 9d.

DIRECT REIMBURSEMENT EMPLOYERS MUST COMPLETE EVERY LINE OF THE RETURN.

Part Three Calculate the Total Amount Due

Line 11. Enter the total income tax withholding and unemployment contributions due with this return (line 3 plus line 10). If any portion of the balance due is not paid by the due date, interest and penalties will be charged on the unpaid balance. Additional penalties will be assessed if the return is not filed on time.

Schedule 1/C1 Instructions

Reconciliation of Semiweekly Payments of Income Tax Withholding

Employers or non-payroll filers who reported Maine income tax withholding of \$18,000 or more for the 12 months ending June 30, 2013 are required to make payments of income tax withholding on a semiweekly schedule (see below). Employers or non-payroll filers who reported Maine income tax withholding of less than \$18,000 for the 12 months ending June 30, 2013 are required to make payments quarterly.

If you are required to pay income tax withholding on a semiweekly basis, you must complete Schedule 1/C1. Complete one line of the schedule for each payroll during the quarter. Enter the payroll date in the Date Wages or Non-wages Paid column and enter the amount of corresponding withholding paid to Maine Revenue Services for that payroll period in the Amount of Withholding Paid column.

Line 12. Add the subtotals for the payment amount columns and enter the total payment amount for this quarter. Also enter the total payment amount on line 2. The payment amount includes all payments made during the quarter.

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

Schedule 2/C1 Instructions

Quarterly Income Tax Withholding and Unemployment Contributions Wages Listing

All filers who paid reportable wages or withheld Maine Income Tax during the quarter must complete Schedule 2/C1 – Quarterly Income Tax Withholding and Unemployment Contributions Wages Listing. Use as many pages as necessary to report all wages and non-wage payments during the quarter. Complete all information for each Schedule 2/C1 page submitted.

wages are wages for services performed for a nonseasonal industry or for services performed before or after the designated seasonal period for a seasonal industry. **If you are reporting nonseasonal wages, do not check the box marked “seasonal.”** Seasonal wages are wages for services performed during the seasonal period for a business designated as seasonal by the Department of Labor (“DOL”) **To report seasonal wages, check the box marked “seasonal” in the shaded column. Do not report partners’ or sole proprietor’s wages or wages paid by a sole proprietor to a spouse, parent, or child under age 18.**

If you need additional forms, go to www.maine.gov/revenue/forms select “Combined Withholding and Unemployment Contributions (941/C1-ME)” or call (207) 624-7894.) If the Department of Labor has determined that you are a seasonal employer, the label sent with this booklet will list your seasonal period. **Nonseasonal and seasonal wages of an employee must be reported on two separate lines.**

Column 16. Enter the Maine income tax withheld in the quarter for the employee and/or payee listed in column 13. Also include backup withholding, pension withholding, distribution withholding or similar withholding.

Label. Affix the label provided with this booklet in the designated area on the schedule.

Line 17a. Enter the total amount of column 15 (UC Gross Wages Paid) for this page.

Column 13. Enter each employee’s or payee’s last name, first name, and middle initial. Enter the name of an employee or payee with both nonseasonal and seasonal wages on two separate lines.

Line 17b. Enter the total amount of column 16 (Maine Income Tax Withheld in the Quarter) for this page.

Column 14. Type or print each employee’s or payee’s full social security number. All nine digits must be entered; entry of XXX-XX-NNNN or entry of only the last four digits is invalid. Enter the social security number of an employee or payee with both nonseasonal and seasonal wages on two separate lines. If an SSN or EIN is unavailable, enter all nines for that SSN (ie 999-99-9999). The first SSN entered must be valid; do not enter an unavailable number as all nines in this column of the wage listing.

Line 18a. On the last Schedule 2/C1 page only, enter the total UC gross wages paid for line 17a of all pages. Enter this amount on Form 941/C1-ME, Part 2, line 6.

Column 15. Enter the amount of unemployment contributions gross wages paid during the quarter covered by this report. Nonseasonal

Line 18b. On the last Schedule 2/C1 page only, enter the total Maine income tax withheld in the quarter reported on line 17b of all pages. Enter this amount on Form 941/C1-ME, Part 1, line 1.

AMENDED RETURNS

If you made an error on a previously filed return, you must file an amended return to correct the error. Amended returns (one for income tax withholding and one for unemployment contributions) are located in this booklet immediately following Form W-3ME.

Instructions for completing these forms are on the back of each form.

Additional forms are available at www.maine.gov/revenue/forms or by calling (207) 624-7894.

ELECTRONIC FILING REQUIRED FOR ALL EMPLOYERS/PAYERS



MRS Rule 104 (Electronic Filing of Maine Tax Returns) generally requires all employers and non-wage payers to electronically file Maine income tax withholding returns and annual reconciliation of Maine income tax withholding and unemployment contributions.

Employers/payers unable to meet the electronic filing requirement because of undue hardship may request a waiver from the State Tax Assessor. The request must be in writing and must include the name, address and withholding account number of the business, a detailed explanation of why filing electronically poses a significant hardship and the length of time for which you are requesting a waiver. Mail requests to: Maine Revenue Services, Withholding Unit, P.O. Box 1060, Augusta, ME 04332-1060. To view Rule 104, go to www.maine.gov/revenue (select "Laws & Rules").

The **Maine Employers Electronic Tax Reporting System (MEETRS)** allows employers and non-wage withholders to file multiple forms with a single login, including quarterly returns and the annual reconciliation (Form W-3ME). Employers/payers using software capable of producing a file that conforms to the Maine Revenue Services ICESA specifications may upload that file to MRS via the web. Quarterly return file specifications are available to view or download from the Maine Revenue Services web site at www.maine.gov/revenue (select "Electronic Services" and scroll to "Payroll Taxes").

The quarterly return and Form W-3ME may also be filed via the MRS Internet filing program (Maine I-file), which does not require any special software. For your convenience, you may upload wage listing spreadsheet files via the Maine I-file program. Maine I-file has many convenient features:



- ▶ **EASY LOGIN:** The login process is quick, making it faster and easier to get your work done.
- ▶ **FLEXIBLE FILING:** You can file returns for any quarter of the year.
- ▶ **FILE UPLOAD:** You can upload employee wage and withholding data from your spreadsheet file.
- ▶ **PRE-FILLED PAYMENT DATA:** Semiweekly payments made on Form 900ME EZ Pay will be prefilled automatically on your I-File account, saving you time.
- ▶ **PRE-FILLED EMPLOYEE DATA:** The *I-File* system for payroll taxes stores your employee data for the next quarter. Employee names and social security numbers will be pre-filled automatically.
- ▶ **SECURITY:** Maine Revenue Services uses 128-bit encryption and secure socket layer technology to ensure the data you enter and send is secure.

Experienced personnel can walk you through your initial registration and answer any questions you may have. **Call (207) 626-8475, select option 1, then option 4** for a direct connection to the Maine Business Tax Unit. For more information, see www.maine.gov/revenue.

ELECTRONICS PAYMENT OPTIONS



Electronic Payment Required. MRS Rule 102 requires that taxpayers with an annual total combined tax liability for all taxes of \$12,000 or more must pay electronically. Payroll processing companies must remit electronically for all clients, even if clients are

not mandated to pay electronically. MRS also encourages voluntary participation by those not required to pay electronically. You may request a waiver from this requirement for good cause. To obtain a waiver request form, see contact information in the last paragraph below.

MRS accepts electronic payments by ACH credit and ACH debit methods. There are several options for making payments by ACH debit. Each of these options is described below. ACH credit and ACH teledebit (phone payment system) require the submission of an EFT application prior to use.

ACH Debit. 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. Most electronic filing systems used by Maine Revenue Services provide an option to pay by ACH debit by simply including your account information with the electronically filed return. In addition, ACH debit payments can be made using the Maine EZ Pay system or the Maine Teledebit system.

Maine EZ Pay. Maine Revenue Services offers a convenient web based 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 state unemployment insurance ("SUI") taxes. 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 pre-payment or semiweekly payment of only the withholding tax portion, select

"Withholding Semiweekly Payment." If you are pre-paying the SUI portion, or if you are paying a tax balance due on 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."

ACH Teledebit. Payments by Teledebit are initiated through a telephone call to the MRS electronic withdrawal payment system (207-624-7777). This telephone payment system allows taxpayers to arrange for debit payments with effective dates up to 15 days in the future.

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.

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 about electronic payment requirements, an application, a waiver request form 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) 624-5625; or write to: EFT Unit, Maine Revenue Services, PO Box 1060, Augusta, ME 04332-1060.