IMPORTANT - NEW FOR 2015

FOR TAX PERIODS BEGINNING ON OR AFTER JANUARY 1, 2015 – THE COMBINED QUARTERLY FILING FOR MAINE INCOME TAX WITHHOLDING AND MAINE UNEMPLOYMENT CONTRIBUTIONS (FORM 941/C1-ME) IS ELIMINATED AND REPLACED WITH THE FOLLOWING SEPARATE FORMS:

• 2015 FORM 941ME (EXISTING MAINE INCOME TAX WITHHOLDING FORM)
• 2015 FORM ME UC-1 (NEW UNEMPLOYMENT CONTRIBUTIONS REPORT)

The 2015 Maine income tax withholding forms (Form 941ME) and related payments must be submitted separately from the 2015 Maine unemployment contributions forms (Form ME UC-1) and related payments. Although the forms and payments will be separate, employers and payroll processors must submit both forms and payments to Maine Revenue Services for processing.

For additional information, visit the MRS web site at www.maine.gov/revenue. If you have any questions, please contact the MRS Withholding Unit by email at withholding.tax@maine.gov or by phone at (207) 626-8475, press 1, then select option 4.
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 to file and pay unemployment contributions. However, employers 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 who bears the responsibility for meeting its payroll tax obligations. If you are an employer 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, MRS or MDOL.
- 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: 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.

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 “List of license types”, then go to “Payroll Processor”).

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., Chapter 41. Information on how to report unclaimed property is available on the Maine State Treasurer’s website 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.
Form 941BN-ME

Business Change Notification

Complete this form to report a change in your withholding or unemployment insurance 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 04332-0057  Fax  207-287-6975

<table>
<thead>
<tr>
<th>Step 1</th>
<th>Identify your business as currently on file with Maine Revenue Services.</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Current Legal Name: ___________________________________________</td>
</tr>
<tr>
<td></td>
<td>DBA: ___________________________________________</td>
</tr>
<tr>
<td></td>
<td>Current Address: _____________________________________________________</td>
</tr>
<tr>
<td></td>
<td>Current Phone Number: ______________________________________________</td>
</tr>
<tr>
<td></td>
<td>Withholding Account Number: ________________________________________</td>
</tr>
<tr>
<td></td>
<td>UC Employer Account Number: ________________________________________</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Step 2</th>
<th>List your new contact information; enter only if different from current information.</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>New Legal Name: __________________________  New DBA: _____________________________________</td>
</tr>
<tr>
<td></td>
<td>New ATTN Line: ________________________________________________________________________</td>
</tr>
<tr>
<td></td>
<td>New Address: _________________________________________________________________________</td>
</tr>
<tr>
<td></td>
<td>New Email Address: ____________________________ (PRINT CLEARLY)</td>
</tr>
<tr>
<td></td>
<td>New Phone Number: ___________________________ Effective Date of Change ___________________</td>
</tr>
</tbody>
</table>

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

<table>
<thead>
<tr>
<th>Step 3</th>
<th>Request to cancel account. (Do not report cancellation for a seasonal shutdown period.)</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Reason for Cancellation: □ Business Closed (Do not include a seasonal or temporary business closure)</td>
</tr>
<tr>
<td></td>
<td>□ Business Sold to: Name: ___________________________________________</td>
</tr>
<tr>
<td></td>
<td>Address: ______________________________________________________________________________</td>
</tr>
<tr>
<td></td>
<td>Date Business Sold: ___________________________</td>
</tr>
<tr>
<td></td>
<td>□ Other ______________________________________________________________________________</td>
</tr>
</tbody>
</table>

Date the business no longer had employees ___________ / ___________ / ___________ Date of last payroll ___________ / ___________ / ___________

<table>
<thead>
<tr>
<th>Step 4</th>
<th>Under penalties of perjury, I certify that the information contained on this form is true and correct.</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Print Name: __________________________________________________________________________________</td>
</tr>
<tr>
<td></td>
<td>Signature: ____________________________________________________________________________________</td>
</tr>
<tr>
<td></td>
<td>Title: _______________________________________________________________________________________</td>
</tr>
<tr>
<td></td>
<td>Date: ___________ / ___________ / ___________ Daytime Phone: ___________________________________________________________________________________</td>
</tr>
</tbody>
</table>

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: __________________________________________________________________

Rev. 10/14
UNEMPLOYMENT INSURANCE CONTRIBUTION RATES FOR 2015

Wage Base – For tax year 2015, 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 Maine Department of Labor’s (“MDOL”) “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 2015 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 contribution rate for 2015 is 0.74%, the highest is 6.86%, and the new employer rate for 2015 is 2.60%.

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 (“SEIN”) 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 (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/portal/business.

Regular mail – Mail your report to:
Division of Support Enforcement and Recovery
New Hire Reporting Program
11 State House Station, Augusta, ME 04333-0011

Email – Send your report to 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. In addition, it has helped the Maine Department of Labor detect and prevent fraud and improper payment of unemployment benefits. 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.

GENERAL INSTRUCTIONS

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

<table>
<thead>
<tr>
<th>Quarter</th>
<th>Period Covered</th>
<th>Due Date</th>
</tr>
</thead>
<tbody>
<tr>
<td>Quarter 1</td>
<td>01-01-15 to 03-31-15</td>
<td>04-30-15</td>
</tr>
<tr>
<td>Quarter 2</td>
<td>04-01-15 to 06-30-15</td>
<td>07-31-15</td>
</tr>
<tr>
<td>Quarter 3</td>
<td>07-01-15 to 09-30-15</td>
<td>11-02-15</td>
</tr>
<tr>
<td>Quarter 4</td>
<td>10-01-15 to 12-31-15</td>
<td>02-01-16</td>
</tr>
</tbody>
</table>

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

Complete Form 941BN-ME on page 3 when the business terminates or if there has been a change in the business name, address or telephone number. Do not make changes on Form ME UC-1.

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 you have questions regarding unemployment insurance status, determination of contribution rates or general unemployment insurance information, call the Maine Department of Labor at (207) 621-5120.

Interest and Penalties. Beginning January 1, 2015, the interest rate is 7% per annum, compounded monthly. The penalty for failure to pay unemployment contributions on time is 1% per month up to a maximum of 25% of contributions due. The penalty for failure to file a return on time is 10% of the tax liability or $25.00, 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 amount due. Do not staple or tape forms together. Paper clip all Schedule 2 wage listing pages to the back of the unemployment tax.
GENERAL INSTRUCTIONS, cont.

return. Do not mail photocopies of the forms in this book. Photocopied forms cannot be processed by the Maine Revenue Services scanning system. If you need additional wage listing pages, visit the Maine Revenue Services website at www.maine.gov/revenue/forms, call (207) 624-7894 or write: Maine Revenue Services, P.O. Box 1060, Augusta, ME 04332-1060.

SPECIFIC INSTRUCTIONS FOR FORM ME UC-1

Lines 1 and 2. Failure to complete lines 1 and 2 will result in additional paperwork for you to complete.

Line 1. 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 2. 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 1.

Line 3. Complete Schedule 2 (see instructions below). Enter on this line the total Unemployment Contributions Gross Wages Paid this quarter. This amount should equal the totals on line 1. If there are no wages, enter zero ($0.00). An amount for wages or zero ($0.00) must be entered on this line.

Line 4. 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):

<table>
<thead>
<tr>
<th>Total</th>
<th>Excess</th>
<th>Taxable</th>
</tr>
</thead>
<tbody>
<tr>
<td>1st Quarter</td>
<td>$5000.00</td>
<td>$0.00</td>
</tr>
<tr>
<td>2nd Quarter</td>
<td>$5000.00</td>
<td>$0.00</td>
</tr>
<tr>
<td>3rd Quarter</td>
<td>$5000.00</td>
<td>3000.00</td>
</tr>
<tr>
<td>4th Quarter</td>
<td>$5000.00</td>
<td>$5000.00</td>
</tr>
</tbody>
</table>

Line 5. Subtract the excess wages on line 4 from the total reportable wages on line 3 to determine taxable wages.

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

Line 6. Enter your UC rate on this line. To offset the cost of the CSSF assessment (see Line 7a below), the UC rate for each employer is reduced by an amount equal to the CSSF rate.

Line 7a. 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 0.06% of taxable wages reported on line 5. 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 8. Add lines 6b and 7b for total contributions due.

DIRECT REIMBURSEMENT EMPLOYERS MUST COMPLETE EVERY LINE OF THE RETURN.

Schedule 2 Instructions
Quarterly Unemployment Contributions Wages Listing

All filers who paid reportable wages during the quarter must complete Schedule 2 = Quarterly Unemployment Contributions Wages Listing. Use as many pages as necessary to report all wages during the quarter. Complete all information for each Schedule 2 page submitted.

If you need additional forms, go to www.maine.gov/revenue/forms and select “Unemployment Contributions (ME UC-1)”, or call (207) 624-7894. The Department of Labor determines whether you are a seasonal employer. Nonseasonal and seasonal wages of an employee must be reported on two separate lines.

Column 11. Enter each employee’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.

Please refer to the seasonal list of employers (FX-33) to determine if you are a seasonal employer. The list can be found at the MDOL website at www.maine.gov/labor.

Column 12. Type or print each employee’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 with both nonseasonal and seasonal wages on two separate lines. If an SSN is unavailable, enter all nines for that SSN (ie 999-99-9999). Do not leave the SSN line blank; a SSN must be entered for each employee.

Column 13. Enter the amount of unemployment contributions gross wages paid during the quarter covered by this report. Nonseasonal 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 (“MDOL”). To report seasonal wages, check the box in the “seasonal” column. Please refer to the seasonal list of employers to determine if you are a seasonal employer. 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 an employee’s wages are greater than $999,999.99, enter the wages on two or more lines to add up to the total reportable wages for the employee.

Line 14. Enter the total amount of column 13 (UC Gross Wages Paid) for this page.

Line 15. On the last Schedule 2 page only, enter the total UC gross wages paid for line 14 of all pages. Enter this amount on Form ME UC-1, line 3.

AMENDED RETURNS

If you made an error on a previously filed return, you must file an Authorization to Correct Wages ME UC-1A. A copy of this form is located in the booklet. 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 to electronically file unemployment contributions returns. Employers 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 UC 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 to file multiple forms with a single login, including the quarterly returns. Employers 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 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:

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.

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 data from your spreadsheet file.

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/eft/homepage.html.

Electronic Payment Options

Maine Revenue Services 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 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 paying a balance due with your quarterly return, select “ME UC-1 Unemployment Payment.”

Rule 102 requires that certain payments be made 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 of this section.

MRS accepts ACH credit method payments for unemployment contributions quarterly returns. ACH Credit requires the submission of an EFT application prior to use.

EFT Required. Employers with an annual total combined tax liability for all taxes of $10,000 or more must pay electronically. 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. An employer may make payments using this method by authorizing their bank to withdraw the payment from the employer’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, 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 e funds.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.