

Info for New Employers in ME

Each Employer is Required to do the following:

1 Register with the IRS

Form SS-4, Application for Employer Identification Number (EIN), must be completed and submitted to the IRS. See "How to get an EIN".

2 Register with ME

Fill out form "Maine Revenue Services and Department of Labor Application for Tax Registration" to register for Income tax withholding, Unemployment tax, Sales & Use tax...etc. Generally if you paid gross wages of \$1,500 or more in a calendar quarter, or paid \$1,000 or more for domestic employment in any calendar quarter you must pay unemployment tax. Corporate officers are not exempt, but sole proprietor's spouse and children under 18 who perform service for the sole proprietorship, are exempt from unemployment tax.

3 Obtain Mandatory Insurance Coverage for Employees

Disability Insurance is not required.

Workers' Compensation is required for all employees. Sole proprietors, partners and bona fide owners of 20% of the voting stock may waive in writing all the benefits provided by workers' compensation to parents, spouse and children. For more information, call Workers' Compensation Board at **207-287-3751**.

4 Requirements when Hiring Employees

Form I-9 must be completed by each employer and employee to determine if the employee is eligible to be hired.

Form W-4 must be completed by each employee to determine the marital status and exemptions claimed. Employee is allowed to claim a different marital status for purposes of withholding only. If employee claims

more than 10 exemptions, this information must be reported to the IRS.

Report New Hires Employers must report all new hires to ME within 7 days of the start date. W-4 or Maine New Hire Report Form can be faxed to ME at 207-287-6882, thereby fulfilling the reporting requirement. Be sure that form W-4 shows the employer information. If you use a payroll processing company such as Paychex, they will report your new hires to ME.

5 Withholding + Paying Taxes

Once wages are being paid, employers are required to withhold from their employees' paychecks various taxes and pay them to the IRS and to ME periodically. The employers are also required to file, quarterly and annual reports with the IRS and ME. In addition, the employers are subject to various taxes on those wages which must be paid to the IRS and ME. Taxes withheld from employees are treated differently from taxes owed on income. **There are severe penalties for not paying them on time** and the liability survives bankruptcy. Therefore, employers should make sure that the payroll taxes are set aside for payment.

6 Payroll Processing

Because of the complexity and potential penalties involved with processing payrolls, we highly recommend that employers use a payroll processing company such as ADP, Paychex or another to process payroll. We do not provide this service. Over the years we have established an excellent working relationship with Paychex and we recommend them. One advantage for you is if you need service, we can contact our Paychex representative for help. Please call us for the name and phone number of our rep.