



MAINE TAX ALERT

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2017 Maine Income Tax Withholding

Maine Revenue Services (MRS) has received questions from employers regarding the calculation of 2017 Maine income tax withholding. The income threshold at which Maine withholding begins, and the amount of withholding for low- and middle-income taxpayers, remains the same for both 2016 and 2017, even though the approach used to calculate the 2017 withholding amount is different from the 2016 approach. Confusion relating to the calculation has resulted in unnecessary increases in Maine income tax withholding for some employees. Below is a description of the proper standard deduction calculation approach for 2017.

Prior to 2017, MRS included the standard deduction amount in the withholding tax rate schedules, reflecting a 0% bracket. For 2017, the standard deduction amount was removed from the tax rate schedules and must be subtracted from the annualized income amount to which the tax rate schedules are applied. The standard deduction amount is phased out starting at \$70,000 for single filers (\$140,000 for married filers) and is fully phased out at \$145,000 (\$290,000 for married).

The standard deduction amount that must be subtracted from annualized income falling below the threshold is \$8,750 for single filers and \$20,350 for married filers. If the annualized income falls in the phase out range, the following equation must be used to calculate the amount of the standard deduction to subtract:

$$\text{Single: } 1 - ((\text{Annualized Income} - \$70,000) \div \$75,000) \times \$8,750$$

$$\text{Married: } 1 - ((\text{Annualized Income} - \$140,000) \div \$150,000) \times \$20,350$$

MRS changed the approach to institute a more transparent method to calculate the Maine withholding in response to taxpayer and software developer feedback. With certain exceptions, the 2017 withholding amounts for low and middle income employees are substantially the same as the 2016 withholding amounts.

The 2017 withholding tables and the percentage method instructions can be found online at http://www.maine.gov/revenue/forms/with/2017/17_WH_Tab&instructions.pdf. If you have any questions, please contact the Maine withholding tax unit at (207) 626-8475, select option 1 followed by option 4.

Fraud Alert

If you believe you are a victim of identity theft or that a breach of personally identifiable information has occurred, contact MRS at (207) 626-8475 or email fraudalert.mrs@maine.gov as soon as possible. Timely notification assists MRS in preventing fraudulent tax refunds.

<u>Department</u>	<u>Telephone Numbers</u>	<u>FAX Numbers</u>	<u>E-mail Addresses</u>
Taxpayer Service Center	(207) 626-8475	(207) 287-5855	
Central Registration	(207) 624-5644	(207) 287-6975	taxregistration@maine.gov
Collections & Compliance	(207) 624-9595	(207) 287-6627	compliance.tax@maine.gov
Corporate Tax	(207) 624-9670	(207) 624-9694	corporate.tax@maine.gov
E-file Help Desk (1040 ONLY)	(207) 624-9730	(207) 287-6628	efile.helpdesk@maine.gov
Electronic Funds Transfer	(207) 624-5625	(207) 287-3618	efunds.transfer@maine.gov
Estate & Fiduciary Tax	(207) 626-8480	(207) 624-9694	estatetax@maine.gov
Fuel & Special Taxes	(207) 624-9609	(207) 287-6628	fuel.tax@maine.gov
Forms Request Line	(207) 624-7894		
Individual Income Tax Assistance	(207) 626-8475	(207) 624-9694	income.tax@maine.gov
Insurance Premium Tax	(207) 624-9753	(207) 624-9694	
NexTalk (TTY Service)	(888) 577-6690		
Payment Plan/Income Tax	(207) 621-4300	(207) 621-4328	compliance.tax@maine.gov
Payment Plan/Other	(207) 624-9595	(207) 287-6627	compliance.tax@maine.gov
Practitioners' Hotline	(207) 626-8458	(207) 624-9694	
Property Tax	(207) 624-5600	(207) 287-6396	prop.tax@maine.gov
Public Communications	(207) 626-8478	(207) 624-9694	
Sales Tax	(207) 624-9693	(207) 287-6628	sales.tax@maine.gov
Tax Clearance Letters	(207) 624-9595	(207) 287-6627	
Office of Tax Policy	(207) 624-9677	(207) 287-3618	
Taxpayer Advocate	(207) 624-9649	(207) 287-3618	taxpayer.advocate@maine.gov
Withholding Tax	(207) 626-8475	(207) 624-9694	withholding.tax@maine.gov
Tax Violations Hot Line	(207) 624-9600		

This publication is designed to keep taxpayers, tax practitioners and the general public informed of developments, problems, questions and matters of general interest concerning Maine tax law, policy and procedure. The articles in this newsletter are not designed to address complex issues in detail, and they are not a substitute for Maine tax laws and/or regulations.

Suggestions for the Tax Alert?

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