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Title: I, Payroll/Personnel Manual

Chapter: 28, Section 2, Tax Formulas (TAXES)

Bulletin: TAXES 04-20, Maine State Income Tax Withholding

Date: July 6, 2004

To: Holders of TAXES (State of Maine only)  
Personnel User Groups  
T&A Contact Points in Maine

Beginning with wages paid for Pay Period 14, the National Finance Center (NFC) will change the Single, Married, and Married - Filing Jointly withholding tables for the state of Maine income tax withholdings.

No action on the part of the employee or the personnel office is necessary.

To view the updated tax formula, go to the NFC home page ([www.nfc.usda.gov](http://www.nfc.usda.gov)) and click **Pubs & Forms**. Then on the Pubs & Forms page left-hand menu, click **Tax Formulas** and select the appropriate state from the map provided. Changes to the tax formula are identified by “▶◀”.

For questions about NFC processing, contact the Payroll Operations Branch at **504-255-4630**. Please refer questions about system access and other system-related issues to Customer Support at **504-255-5230** or via e-mail at [customer.support@usda.gov](mailto:customer.support@usda.gov).

RANDOLPH H. GONZALES, Acting Director  
Government Employees Services Division

# Maine State Income Tax Information

<b>State Abbreviation:</b>	ME
<b>State Tax Withholding State Code:</b>	23
<b>Acceptable Exemption Form:</b>	W-4 or W-4ME
<b>Basis For Withholding:</b>	State Exemptions
<b>Acceptable Exemption Data:</b>	S, M, N / Number of Allowances
<b>TSP Deferred:</b>	Yes
<b>Special Coding:</b>	Determine the Total Number Of Allowances field as follows: <b>First Position</b> - S = Single; M = Married (one income); N = Married, Filing Jointly (two incomes) <b>Second and Third Positions</b> - Enter the number of allowances claimed. If less than 10, precede with a zero.
<b>Additional Information:</b>	If the W-4 is used, code it as a state tax document. Maine allows for an N (Married, Filing Jointly), which is not on the W-4. The employee should write in Married - Filing Jointly on the W-4.

## Withholding Formula ►(Effective Pay Period 14, 2004)◄

1. Subtract the nontaxable biweekly Thrift Savings Plan contribution from the gross biweekly wages.
2. Subtract the nontaxable biweekly Federal Health Benefits Plan payment from the amount computed in step 1.
3. Add the taxable biweekly fringe benefits (taxable life insurance, etc.) to the amount computed in step 2 to obtain the adjusted gross biweekly wages.
4. Multiply the adjusted gross biweekly wages by 26 to obtain the annual wages.
5. Determine the exemption allowance by applying the following guideline and subtract this amount from the result of step 4 to determine the taxable income.

$$\text{Exemption Allowance} = \$2,850 \times \text{Number of Exemptions}$$

6. Apply the taxable income computed in step 5 to the following table to determine the annual Maine income tax withholding.

**Tax Withholding Table  
Single**

▶ **If the Amount of  
Taxable Income Is:**

**The Amount of Maine  
Tax Withholding Should Be:**

<b>Over:</b>	<b>But Not Over:</b>		<b>Of Excess Over:</b>
\$ 0	\$ 2,000	\$ 0 plus 0.0%	\$ 0
2,000	6,350	0 plus 2.0%	2,000
6,350	10,650	87 plus 4.5%	6,350
10,650	19,350	281 plus 7.0%	10,650
19,350	and over	890 plus 8.5%	19,350

**Married**

**If the Amount of  
Taxable Income Is:**

**The Amount of Maine  
Tax Withholding Should Be:**

<b>Over:</b>	<b>But Not Over:</b>		<b>Of Excess Over:</b>
\$ 0	\$ 5,300	\$ 0 plus 0.0%	\$ 0
5,300	14,000	0 plus 2.0%	5,300
14,000	22,650	174 plus 4.5%	14,000
22,650	40,000	563 plus 7.0%	22,650
40,000	and over	1,778 plus 8.5%	40,000

**Married - Filing Jointly**

**If the Amount of  
Taxable Income Is:**

**The Amount of Maine  
Tax Withholding Should Be:**

<b>Over:</b>	<b>But Not Over:</b>		<b>Of Excess Over:</b>
\$ 0	\$ 2,650	\$ 0 plus 0.0%	\$ 0
2,650	7,000	0 plus 2.0%	2,650
7,000	11,325	87 plus 4.5%	7,000
11,325	20,000	282 plus 7.0%	11,325
20,000	and over	889 plus 8.5%	20,000 ◀

7. Divide the annual Maine income tax withholding determined in step 6 by 26 and round to the nearest dollar to obtain the biweekly Maine income tax withholding.

**Note:** If the annual computed tax is \$40 or less, the withholding amount will be changed to zero.