UMS is required to withhold payroll taxes from employees' paychecks and to pay governmental and municipalities applicable federal, state and local taxes. The taxes usually withheld from employee paychecks include FICA (Medicare and Social Security taxes) and federal, state and local income taxes, if applicable. Other withholding/reporting obligations include FUTA (Federal Unemployment Tax Act), Maine SUT (Maine State Unemployment Tax) and, in some states, disability insurance taxes. UMS has employees working and living in most of the continental states.

- **Federal Withholding Tax**
  - Form W-4 Employee's Withholding Certificate
  - Supplemental Income Tax Withholding
- **FICA (Medicare and Social Security taxes)**
  - Social Security and Medicare Withholding Rates
  - Additional Medicare Tax Withholding Rate
  - Social Security Wage Base Limits
- **State Withholding Tax**
  - State of Maine Withholding Tax
  - Other State Withholding Tax
- **Related Articles**

**Federal Withholding Tax**

**Form W-4 Employee's Withholding Certificate**

Visit MaineStreet Employee Self-Service or submit a new Form W-4 Employee's Withholding Certificate to adjust your withholding if a change is needed. If Form W-4 is not received, the default status of Single with zero exemptions/allowances will be applied.

- Form W-4
- IRS, Frequently Asked Questions
- IRS, Paycheck Checkup

**Redesigned Form W-4**

*Step-by-step process.* The 2020 Form W-4 contains five steps for employees to complete (or to skip if they are not applicable): (1) enter personal information; (2) account for multiple jobs; (3) claim dependents; (4) make adjustments for other income and itemized deductions (optional); and (5) sign and date under penalties of perjury. Steps 1 and 5 are required.

**No more withholding allowances.** To comply with the TCJA, the revised form no longer uses the concept of withholding allowances but includes lines for money amounts to be used to calculate the withholding amount. The name of the form has changed to *Employee’s Withholding Certificate*, which eliminates “allowance” from the title.

**Multiple jobs.** Employees with multiple jobs in the household can use either: (a) the IRS’s Tax Withholding Estimator, (b) the Multiple Jobs Worksheet; or (c) check a box for withholding at a higher rate if there are only two jobs in the household. The IRS recommends using their Tax Withholding Estimator if you:

- Are a two-income family or someone with multiple jobs
- Work a seasonal job or only work part of the year.
- Have children and claim credits such as the Child Tax Credit.
- Have older dependents, including children age 17 or older.
- Itemized deductions in previous tax years.
- Have high income and more complex tax return.
- Had a large tax refunds or large tax bills in previous tax year.

**Claiming exempt from withholding.** Employees will claim exempt from withholding by writing “Exempt” in the space below Step 4(c) and completing Steps 1 and 5. There is no longer a dedicated line for employees to claim exempt.

**What employees should do**

Employees should become familiar with the changes and be prepared to submit the new form however a new form will not be required by active employees. The new form will be required for all new hires in 2020 and for employees who have completed a Form W-4 before 2020 and want to make changes in 2020.

Read IRS News Release 2018-36 to learn more about the Updated IRS Withholding Calculator, Revised Form W-4 and how to avoid the under- and over-withholding of tax.

Use the IRS Withholding Calculator to help make sure you have the correct amount of tax withheld from your paycheck.

**Forms W-4 claiming exempt status expire each calendar year. A new Form W-4 is required each calendar year to continue exempt status. If a new Form W-4 is not received by February 15th of the new year, the employee will have the default status applied of Single with zero exemptions/allowances.**

**Supplemental Income Tax Withholding**
The University withholds on supplemental income/earnings the applicable flat supplemental income tax rates:

- IRS 22% (effective 1/1/2018)
- State of Maine 5%

**FICA (Medicare and Social Security taxes)**

The Federal Insurance Contributions Act (FICA) provides for a federal system of old-age, survivors, disability, and hospital insurance. The old-age, survivors, and disability insurance part is financed by the social security tax (OASDI). The hospital insurance part is financed by the Medicare tax. Each of these taxes is reported separately. Generally, UMS is required to withhold social security and Medicare taxes from employees' wages and pay the employer's share of these taxes. Certain types of wages and compensation aren't subject to social security and Medicare taxes. Generally, employee wages are subject to social security and Medicare taxes regardless of the employee's age, whether he or she is receiving social security benefits or if the annual limit was met when combined with earnings paid by another employer.

**Social Security and Medicare Withholding Rates**

The current tax rate for social security is 6.2% for the employer and 6.2% for the employee, or 12.4% total. The current rate for Medicare is 1.45% for the employer and 1.45% for the employee, or 2.9% total. Refer to *Publication 15, (Circular E), Employer's Tax Guide*, for more information.

**Additional Medicare Tax Withholding Rate**

Additional Medicare Tax applies to an individual's Medicare wages that exceed a threshold amount based on the taxpayer's filing status. UMS is responsible for withholding the 0.9% Additional Medicare Tax on an individual's wages paid in excess of $200,000 in a calendar year, without regard to filing status. UMS is required to begin withholding Additional Medicare Tax in the pay period in which it pays wages in excess of $200,000 to an employee and continue to withhold it each pay period until the end of the calendar year. There's no employer match for Additional Medicare Tax. For more information, visit Questions and Answers for the Additional Medicare Tax.

**Social Security Wage Base Limits**

Only the social security tax has a wage base limit. The wage base limit is the maximum wage that's subject to the tax for that year. There's no wage base limit for Medicare tax. All covered wages are subject to Medicare tax.

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For more information, refer to [https://www.ssa.gov/oact/cola/cbb.html](https://www.ssa.gov/oact/cola/cbb.html)
State Withholding Tax

State of Maine Withholding Tax

UMS is required to deduct State of Maine withholding tax from employees who are working and/or living in Maine. Employees may complete Form W-4ME or visit MaineStreet Employee Self-Service to submit their withholding status.

Important

Forms W-4ME claiming exempt status expire each calendar year. A new Form W-4ME is required each calendar year to continue exempt status. If a new Form W-4ME is not received by February 15th of the new year, the employee will have the default status applied of Single with zero exemptions/allowances.

State of Maine Alert: Changes to 2020 Form W-4ME

Maine Revenue Services has updated Maine Form W-4ME for 2020 in response to changes to the IRS Form W-4 for 2020. The 2020 IRS Form W-4 has been redesigned to eliminate the use of personal allowances to determine federal income tax withholding. As a result, the 2020 Maine Form W-4ME will no longer use federal personal allowances as a starting point for calculating the number of personal allowances for Maine income tax withholding purposes.

Employees do not need to update an existing Form W-4ME unless their situation changes.

Employees who have submitted Maine Form W-4ME in any year before 2020 are not required to submit a new form merely because of the updates. Employers will continue to compute withholding based on the information from the employee’s most recently submitted Maine Form W-4ME.

For more information, refer to https://www.maine.gov/revenue/incomeestate/with/withuc.htm

Other State Withholding Tax

Blank copies of W-4 forms can be found at https://www.paycheckcity.com/payroll-resources#select-state

If you live and/or work outside of Maine, notify Payroll immediately by completing the Working Outside of Maine form. If you wish to specify your withholding allowances for that state, please complete that state’s W-4 (if applicable).

Related Articles

- Forms > Prize Award Gift.pdf (Human Resources Operations)
- IRS Releases Second Draft of 2020 Form W-4 (Human Resources Operations)
- 1040.35 UMS Tax Treaties (Human Resources Operations)
- 1040.20 Tax Withholding (Human Resources Operations)
- 1040.00 Payroll Taxes and Deductions (Human Resources Operations)
- How to Set up W-4 Tax Withholding Status (Human Resources Operations)
- 1040.60 Maine Unemployment Reporting (Human Resources Operations)
- 1040.30 Tax Withholding for Nonresident Aliens (Human Resources Operations)
- How to Set up W-4 Tax Withholding Status for Nonresident Alien (Human Resources Operations)
- 1040.25 Student Employee FICA Exemption (Human Resources Operations)
- Nonresident Frequently Asked Payroll Questions (Human Resources Operations)