

§5250. Employer to withhold tax from wages

1. General. Every employer maintaining an office or transacting business in this State that makes payment to a resident individual or a nonresident individual of wages subject to tax under this Part shall, if required to withhold federal income tax from those wages, deduct and withhold from those wages for each payroll period a tax so computed as to result in an amount being withheld from the employee's wages during each calendar year that is substantially equivalent to the tax reasonably estimated to be due from the employee under this Part with respect to the amount of those wages included in the employee's adjusted gross income during that calendar year. The State Tax Assessor shall establish by rule the method of determining the amount to be withheld. This section does not apply to shares of a lobster boat's catch that are apportioned by a lobster boat operator to a sternman. This section does not apply to wages from which a tax is required to be deducted and withheld under the Code, Sections 1441 and 1442. Rules adopted pursuant to this subsection are routine technical rules as defined in Title 5, chapter 375, subchapter 2-A.

[PL 2011, c. 240, §39 (AMD).]

2. Withholding exemptions. For purposes of this section:

A. An employee is entitled to the same number of withholding exemptions as the number of withholding exemptions to which the employee is entitled for federal income tax withholding purposes, unless otherwise provided by rule; and [PL 1997, c. 668, §36 (AMD).]

B. The dollar amount of each withholding allowance in this State must be equivalent to the amount of the personal exemption determined in section 5126-A whether the individual is a resident or a nonresident. [PL 2017, c. 474, Pt. B, §18 (AMD).]

C. [PL 1997, c. 668, §37 (RP).]

[PL 2017, c. 474, Pt. B, §18 (AMD).]

3. Withholding agreements. The assessor may enter into agreements with the tax departments of other states that require income tax to be withheld from the payment of wages and salaries, so as to govern the amounts to be withheld from the wages and salaries of residents of those states under this chapter. The agreements may provide for recognition of anticipated tax credits in determining the amounts to be withheld and may relieve employers in this State from withholding income tax on wages and salaries paid to nonresident employees. The agreements authorized by this subsection are subject to the condition that the tax department of the other states grant similar treatment to residents of this State.

[PL 1995, c. 639, §24 (AMD).]

4. Withholding exemption variance certificate.

[PL 1997, c. 668, §38 (RP).]

5. Fiscal agents. Fiduciaries, agents and other persons designated in accordance with the Code, Section 3504 to perform acts required of employers may, at the discretion of the assessor, be designated to perform acts required of employers for the purposes of complying with the requirements of this section. Designation by the assessor is subject to the terms and conditions the assessor may require. Except as may be otherwise prescribed by rule, all provisions of this Title applicable with respect to an employer, to the extent that such provision has application to the provisions of this section, including the provisions of section 177, are applicable to the designated fiduciary, agent or other person, including, but not limited to, provisions governing assessment of liability and application of interest and penalties. Notwithstanding the immediately preceding sentence, an employer for which a fiduciary, agent or other person acts remains subject to the provisions of this Title applicable with respect to employers.

[PL 2019, c. 401, Pt. C, §14 (NEW).]

SECTION HISTORY

P&SL 1969, c. 154, §F1 (NEW). PL 1971, c. 61, §8 (AMD). PL 1975, c. 627, §3 (AMD). PL 1977, c. 477, §19 (AMD). PL 1979, c. 541, §A243 (AMD). PL 1981, c. 371, §1 (AMD). PL 1987, c. 504, §37 (AMD). PL 1989, c. 495, §§4,9 (AMD). PL 1989, c. 596, §J7 (AMD). PL 1995, c. 639, §24 (AMD). PL 1995, c. 646, §§1,2 (AMD). PL 1997, c. 668, §§36-38 (AMD). PL 2011, c. 240, §39 (AMD). PL 2017, c. 474, Pt. B, §18 (AMD). PL 2019, c. 401, Pt. C, §14 (AMD).

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