



# Maine Employer Basics

**The essential steps to being an employer**

Fall 2023 Webinar

# Meet The Advisor

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# The Maine SBDC

**No-cost, confidential business advising,  
webinars, E-Courses and more!**

- Business Planning and Startups
- Business Transitions and Exits
- Credit and Financing
- Financial Analysis
- Marketing and Sales
- Operations Management



# Disclaimer

We are not lawyers, accountants or tax preparers!

This information is for educational purposes only and is not a replacement for professional legal, tax or accounting advice. Please seek appropriate guidance before making any tax, legal or accounting decisions that could impact your business.

# Details

## **A Few Details.....**

- This Webinar is being recorded and will be posted on YouTube**
- You will be emailed a copy of these slides as a PDF document**
- Please put questions in chat**

# Agenda

## Today's Discussion

- Registering as an employer
- Payroll & payroll taxes
- Labor, anti-discrimination, and worker safety laws
- Workers Compensation
- Required and recommended hiring paperwork
- Employee record retention





# Employer Registration



# REGISTER TO BE AN EMPLOYER



## INTERNAL REVENUE SERVICE (IRS)

Employer ID # (EIN)

[Apply for an EIN at IRS.Gov](https://www.irs.gov)

**THIS IS FREE!**



## MAINE REVENUE

Withholding Account #

Register as new biz or if already registered use existing login

[Register a new business](#)



## MAINE LABOR

Employer Acct. # (EAN)

Formerly known as an Unemployment Contribution (UC) Account

1. [Register a new biz; get an employer Account #](#)
2. [Create a "Re-employME" Portal Acct](#)



## MAINE HEALTH & HUMAN SERVICES

Report new hires, & terminations within 7 days.

Data matched with child support records

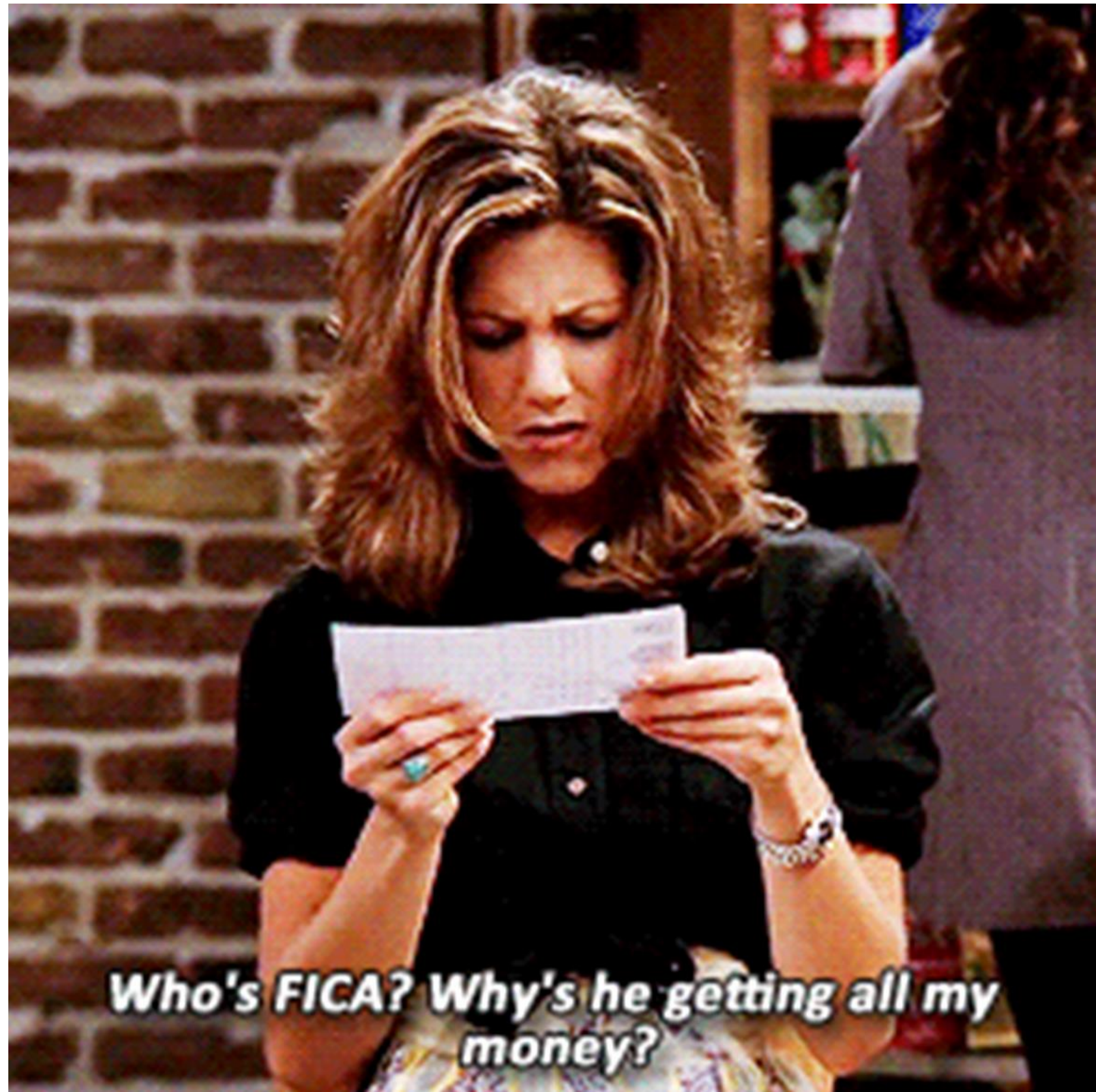
(You also need to report contractors if \$2500 or more)  
[How to Report New Hires](#)





# Understanding Payroll





# Payroll Taxes

## FICA

Federal Insurance  
Contribution Act

### FEDERAL SOCIAL SECURITY & MEDICARE TAX

PAID EQUALLY BETWEEN EMPLOYER AND EMPLOYEE

12.4% (SS) & 2.9% (MC) on wages up to \$160,200 (2023)

Additional MC tax of 0.9% on wages over \$200K paid by employee

## WITHHOLDING

### STATE & FEDERAL INCOME TAX

PAID BY EMPLOYEE

Depends on wage, exemptions, tax status, W-4 Info, tax tables

## SUTA FUTA

### STATE & FEDERAL UNEMPLOYMENT TAX

PAID BY EMPLOYER

**SUTA:** .22% - 5.69% on first \$12,000 of each employee

2.19% for new employer in Maine (2023)

**FUTA:** 6% on first \$7,000 of each employee for federal trust fund; 5.4% CREDIT makes effective rate 0.6% if SUTA paid on time. (Not in credit reduction states)

# Sample Paycheck

**Vesta Insurance Group**  
 1000 Leafton Boulevard  
 Maywood, MA 01015

**Earnings Statement**  
 Carl Bathory  
 23 Profton Road  
 Maywood, MA 01015

Employee ID Number: 48576

Social Security Number: XXX-XX-1234

Pay Period: 08/06/17 - 08/19/17

Taxable Marital Status: Single  
 Exemptions/Allowances:  
   Federal: 2  
   Local: 2

**Notes**

EFFECTIVE THIS PAY PERIOD:  
 YOUR REGULAR HOURLY PAY HAS BEEN  
 INCREASED FROM \$14.00 TO \$15.00 PER  
 HOUR.

**Earnings**

rate	hours	this period	year to date
15.00	30.00	1200.00	18600.00
<b>Gross Pay</b>		<b>1200.00</b>	<b>18600.00</b>

**Deductions**

Statutory			
Income Tax		162.12	2538.90
State Income Tax		51.00	790.50
Social Security		75.40	1153.20
Medicare		17.40	269.70
Other			
Health Insurance		77.12	1195.37
Dental Insurance		27.47	425.82
Retirement (401k)		150.00	1200.00

**Net Pay:** 639.49

# DEPOSITING PAYROLL TAXES



## FICA & FEDERAL WITHHOLDING TAX

Paid semi-weekly or monthly

Electronic Federal Tax Payer System  
EFTPS.gov/eftps

[IRS Publication 15](#)

## MAINE WITHHOLDING TAX

Paid semi-weekly or quarterly

[Maine Revenue Tax Portal](#)

## FEDERAL UNEMPLOYMENT TAX

Paid quarterly  
(after \$500 in tax liability)

Electronic Federal Tax Payer System

[EFTPS](#)

## MAINE UNEMPLOYMENT TAX

Paid quarterly

Pay electronically

[reemploye.maine.gov](https://reemploye.maine.gov)

# FILING PAYROLL TAX RETURNS



IRS

## FICA & FEDERAL WITHHOLDING TAX

QUARTERLY  
IRS Form 941

Employers' quarterly federal tax return

Annually

W-2: For each employee  
W-3: Annual wage and tax statement  
1099 NEC (contractors)



Maine.gov

## MAINE WITHHOLDING TAX

Quarterly  
Form 941 ME

Employers' return of Maine income tax withholding

Annually

W-2: For each employee  
W-3 ME: Annual wage and tax statement  
1099 NEC (contractors)



IRS

## FEDERAL UNEMPLOYMENT TAX

ANNUALLY  
IRS Form 940

Employers Annual Unemployment Tax Return

Need tax or accounting software to e-file.



Maine.gov

## MAINE UNEMPLOYMENT TAX

Quarterly  
Form ME UC-1

Unemployment Contributions Quarterly Report

Pay and file through Re-employME portal



# Payroll Software and Services

**Don't go it alone! Many of these services offer HR and Benefits Services as well**

- Several local banks offer payroll services
- Payroll Services in Maine: Private companies, accountants
- Online Payroll Companies: Gusto, OnPay, ADP Run, Paychex Flex
- Add on to accounting software: Quickbooks, Wave
- Some services offer benefits and HR services as well

A book with the words "LABOR LAW" printed on its cover is shown in the background. A large, dark blue geometric shape, resembling a stylized arrow or a chevron, points from the book towards the right side of the image.

# **Labor, Anti-Discrimination and Workplace Safety Laws**

State and Federal



# Federal Fair Labor Standards Act (FLSA)

## HELPFUL LINKS

[US Labor Law  
Summary](#)

[Fair Labor  
Standards Act](#)

[US DOL  
E-Law  
Advisor](#)

- Minimum wage & overtime pay
- Child labor
- Record keeping requirements
- Equal Pay Act
- Family and Medical Leave Act (FMLA) (over 50 employees)

Applies to all businesses engaged in interstate commerce or over \$500,000 in revenue



# Maine Labor Laws

## HELPFUL LINKS

[Maine Labor Law Summary](#)

- More restrictive than Federal Law
- Applies to most employers with limits due to size, industry and seasonality.

### **Topics covered:**

- Minimum wage & overtime pay
- Equal Pay
- Child labor
- Drug testing
- Rest breaks
- Safety
- Severance
- Whistleblower
- Final payment of wages
- Employment leave for victims of violence
- Earned Pay Leave
- Family & Medical Leave
- Collective bargaining
- Unemployment
- New Hire reporting
- Employee access to their own files

# Worker Classification Laws

## HELPFUL LINKS

[Maine DOL  
Worker  
Misclassification](#)

[IRS Worker  
Classification 101](#)

[US DOL  
Fact Sheet on  
Exempt employees](#)

## Contractor vs. Employee

- Clearly defined definition by the IRS and Dept. of Labor
- Maine has application for “predetermination of independent contractor status

## Exempt vs. Non-exempt

- Refers to exemption from overtime laws
- Allowed for certain administrative, executive, professional, sales and IT jobs
- Minimum weekly salary for exempt jobs in Maine is \$796.17 (\$41,401/yr) for 2023

# Federal Anti-discrimination Laws

- Title VII of the Civil Rights Acts of 1964
- Americans with Disabilities Act (ADA)
- Equal Pay Act of 1993 and Lilly Ledbetter Fair Pay Act
- Age Discrimination and Employment Act
- Pregnancy Discrimination Act

Administered by the Equal Employment Opportunity Commission (EEOC)

Employers with 15 or more employees must comply with federal anti-discrimination law

## HELPFUL LINKS

[EEOC Prohibited Employment Practices/Policies](#)

[EEOC Small Business Resource Center](#)

# Federal Anti-Discrimination Protections

Protect employees and job applicants against employment discrimination

- Unfair treatment due to race, color, religion, sex (including pregnancy, gender identity, and sexual orientation), national origin, age (40 or older), disability or genetic information.
- Harassment by managers, co-workers, or others in the workplace, because of the reasons stated above;
- Denial of a reasonable workplace accommodation that the employee needs because of religious beliefs or disability;
- Retaliation because the employee complained about job discrimination, or assisted with a job discrimination investigation or lawsuit.

HELPFUL LINKS

[EEOC Prohibited  
Employment  
Practices/Policies](#)

# Maine Human Rights Act

## (Maine's anti-discrimination law)

- Protects against discrimination in employment, housing, places of public accommodation, and extension of credit.
- Administered by the Maine Human Rights Commission. Applies to all Maine employers; Certain exceptions may apply.
- Protected classes include race, color, ancestry, national origin, sex, sexual orientation (which includes gender identity and expression), physical or mental disability, religion, age, and other categories in certain contexts.
- Prohibits retaliation against someone for asserting their rights

### HELPFUL LINKS

[Maine Human Rights Act](#)

[Maine Human Rights Commission](#)

# Federal Occupational Safety & Health Act

- Employers must ensure safe and healthful working conditions
- Covers most private-sector employers
- Administered by the Occupational Safety and Health Administration

## **Generally a business must:**

- Provide a safe and hazard-free environment
- Communicate safety info
- Provide proper training
- Record safety incidents
- Protect employees from hazardous substances

## HELPFUL LINKS

[OSHA](#)

[OSHA Info for  
employers](#)

# Maine Dept. of Labor Bureau of Labor Standards

- Employers in Maine must follow Federal OSHA Laws
- SafetyWorks! Program
  - Outreach program designed to reduce job related injuries
  - Free and confidential, no citations issued
  - On-site consultation and recommendations
  - Employee training programs, videos, publications, help line



# Required Law Posters

- Employers are required to post certain federal and state labor, anti-discrimination, and safety laws in areas where employees can easily read them.
- These posters can be obtained for no cost by downloading PDFs from the Maine Department of Labor in multiple languages
- You can purchase laminated all-inclusive posters from multiple online vendors anywhere from \$30-\$75 (they will solicit you constantly.....)

## HELPFUL LINKS

[Maine DOL Free Labor Posters](#)

[US DOL E-Law Poster Advisor](#)



# **Record Retention Laws**

State and Federal

# Record Retention

## HELPFUL LINKS

[FLSA Record Requirements](#)

[EEOC Record Requirements](#)

[OSHA Help for Employers](#)

## **Fair Labor Standards Act & Maine Dept. of Labor**

- Payroll information for 3 year
- W-2s for 4 years
- Employee Benefits records (pensions, etc) for 4 years
- Rule of thumb: 7 years

## **EEOC**

- Job postings, recruitment information, hiring info for 1 year
- All personnel information 1 year after termination

## **OSHA**

- Your industry and number of employees will determine record keeping and retention. *(Employers with 10 or fewer employees in low-risk industries are often exempt from many recordkeeping requirements.)*



# **Workers Compensation Insurance**

**(workers comp)**



# Workers Comp

- Required by State Law with some exceptions
- Some opportunities to self-insure

## **It's the law**

- Each industry has a class that determines rate
- Depends on # of employees and pay rates, historical claims

## **Cost**

- There are annual premium "audits" conducted by the insurance company. You may get a refund!

## **Audit**

- MEMIC is required to provide a policy

## **Policies**

### HELPFUL LINKS

[Maine Workers  
Comp Law](#)

[MEMIC FAQ](#)

[Workers Comp  
Rates](#)



# Hiring



State and Federal

# Recruiting and Hiring Paperwork

- **Employment Application**
  - Maine law prohibits asking about salary history
  - Avoid asking questions on an application or in interviews that reveal a person's protected class.
- **Job Descriptions**
  - Outline duties and requirements of the job
- **Offer Letters**
  - Outline the terms of an offer such as wage or salary, exempt or nonexempt status, part or full-time, short-term, benefits, at-will employment status.

# Required Hiring Paperwork

- **Form I-9**
  - A form from the Department of Homeland Security used to prove a worker's identity and eligibility to work in the United States
- **Form W-4**
  - Employee withholding certificate used to determine income tax withholding amounts
- **W-4 ME**
  - Used to determine state income tax withholding amounts in Maine
- **Form W-9**
  - a form given to independent contractors to obtain their taxpayer identification number.

## HELPFUL LINKS

[Form 1-9](#)

[Form W-4](#)

[Form W-4ME](#)

[Form W-9](#)

[All Federal  
employment tax  
forms](#)

[All Maine  
employment tax  
forms](#)



# Additional Hiring Paperwork

- **Employee Contact Form**
  - Emergency contact
  - Permanent mailing address
- **Bank Information for direct deposit**
- **Employee Policy Manual**
  - Have employee sign that they have received and read
  - Get legal review!

R

E

C

A

P



# Summary

State and Federal

# This is just the beginning...

## **To be a good employer:**

- Communicate expectations clearly, early and regularly
- Provide the training and tools needed to succeed
- Listen to feedback and ideas, don't shut them down
- Acknowledge and show appreciation often and consistently



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