

CORRECTED (if checked)

PAYER'S name, street address, city, state, ZIP code, contact name and telephone number		Type of entity <input type="checkbox"/> Partnership/LLC <input type="checkbox"/> S corporation <input type="checkbox"/> Other	<b>2006</b> Form 1099ME	<b>Maine Pass-through Withholding</b>
PAYER'S Federal identification number	RECIPIENT'S identification number	1 Maine income tax withheld		
RECIPIENT'S name		2 Maine income tax withheld by alternate payer		<b>For Recipient</b> If you do not file a required return, interest and penalties may be imposed on you.
Street address (including apt. no.)		3 EIN of alternate payer		
City, state and ZIP code		4 Name of alternate payer		

**DO NOT USE THIS FORM TO REPORT REW FUNDS OR OTHER FUNDS NOT PAID WITH 2006 FORM 941P-ME**

### GENERAL INSTRUCTIONS

For more information on pass-through entity withholding, refer to the MRS web site at [www.maine.gov/revenue](http://www.maine.gov/revenue).

**Use of form:** Use Form 1099ME to report withholding of Maine income tax based on Maine-source distributive income for a nonresident owner of a pass-through entity. Report on this form only the amount withheld from the recipient shown. **Do not** use this form to report real estate withholding payments made with Form REW-1 or estimated income tax payments.

**To the recipient of this form:** The amounts in boxes 1 and 2 report Maine income tax withheld from your share of Maine-source income from a pass-through entity (partnership, S corporation, etc.). The total of boxes 1 and 2 should be entered as withholding on your 2006 Maine income tax return. Please note that your pass-through entity income is not reported on this form. The entity income taxable to Maine will be reported to you on federal Schedule K-1 by the pass-through entity of which you are an owner.

**To the pass-through entity issuing this form:** After the end of the calendar year and before the following February 16, the pass-through entity must provide to each affected member a copy of Form 1099ME (available at [www.maine.gov/revenue](http://www.maine.gov/revenue) or by calling 207-624-7894), showing the total Maine income tax withheld for the year. Affected members must submit this form with income tax returns they file to prove the amount withheld for the year and reported on Form 941P-ME, Schedule 2P - Pass-through Entity Withholding Listing.

The pass-through entity is not required to submit a copy of this form to Maine Revenue Services. Reconciliation of the information contained in this form will be obtained from other sources.

### SPECIFIC INSTRUCTIONS

**Payer/Recipient.** The payer is the pass-through entity that generates Maine-source income for the member and the recipient is the nonresident member. Enter the information indicated for both the payer and the recipient in the appropriate boxes.

**Type of entity.** Check the appropriate box for the payer's business type.

**Box 1.** Enter the amount of income tax withheld from Maine-source income by the pass-through entity. Enter only the amounts withheld from individual members as reported on Form 941P-ME.

**Box 2.** If an alternate payer has withheld and remitted Maine income tax for the recipient, enter that amount of withholding in Box 2. A tiered entity must exist in order for an alternate payer to withhold and remit income tax. A tiered entity is a business structure in which one member (or more) of a pass-through entity is itself a pass-through entity. The owned (lower-tier) entity is required to withhold income tax from the nonresident owner (upper-tier) entity. At the end of the year, the lower-tier entity must provide the upper-tier entity a Form 1099ME showing the amount of the withholding during the year. The upper-tier entity then provides each of its members a Form 1099ME showing the member's share of tax withheld by the upper-tier entity in box 1 and the member's share of the tax withheld by the lower-tier entity in Box 2.

In certain circumstances, the lower-tier entity may withhold directly from the nonresident members of the upper-tier entity, thereby exempting the upper-tier entity from withholding. **An exemption must be specifically granted by MRS for this type of withholding.**

**Box 3.** If there is an amount entered in Box 2, enter the federal EIN of the alternate payer in this box.

**Box 4.** If there is an amount entered in Box 2, enter the name of the alternate payer in this box.

If there is more than one alternate payer, list each by name and EIN in Boxes 3 and 4 and aggregate the withholding amount for all alternate entities in Box 2.