Maine Revenue Services

Maine Income Tax Withholding for Pass-through Entities

Form 941P-ME

Due March 15, 2017

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Electronic Filing

Electronic Payments

www.maine.gov/revenue

Use this booklet to report nonresident member withholding for pass-through entities. For more information regarding withholding for nonresident members of pass-through entities, go to the MRS website at www.maine.gov/revenue/incomeestate.

IMPORTANT

For calendar year 2017, the withholding rate for nonresident individual members is 10.15%.

The due date for filing the 2017 Form 941P-ME is March 15, 2018.

Electronic Filing and Payment Requirements

Electronic Filing. MRS Rule 104 generally requires that Form 941P-ME be filed electronically. However, if the entity or its tax preparer uses software that does not support electronic filing through Maine's Modernized e-File system, an automatic waiver from the electronic filing requirement is granted for forms required to be filed during 2017. See page 3 for more information about filing your return.

Electronic Payments Required. Taxpayers that have a combined tax liability for all Maine taxes of $10,000 or more during the lookback period ending in 2016 must remit all Maine tax payments electronically. Waivers from this requirement may be requested for good cause. See MRS Rule 102 at www.maine.gov/revenue/rules and page 4 for details.

For questions on filing income tax withholding returns electronically, call (207) 626-8475, press 1, option 4 or e-mail withholding.tax@maine.gov.

Revised December 2016

MISSION STATEMENT

The mission of Maine Revenue Services is to serve the citizens of Maine by administering the tax laws of the State effectively and professionally in order to provide the revenues necessary to support Maine government. To accomplish this mission, we will:

- Foster voluntary compliance with the tax laws by providing clear, complete, accurate, and timely guidance to taxpayers to help them understand and meet their responsibilities under the law.
- Maintain the highest standards of integrity, fairness, confidentiality and courtesy in everything we do.

MAINE REVENUE SERVICES PRIVACY POLICY

Maine Revenue Services ("MRS") maintains the highest standards in handling personally identifiable taxpayer information. Taxpayers have the right to know what information is kept on file about them, to have reasonable access to it, and to receive a copy of their file. Under penalty of law, employees and agents of MRS are prohibited from willfully inspecting information contained on any tax return for any purpose other than the conduct of official duties. In addition, MRS employees and agents are prohibited from disclosing tax information to anyone other than the taxpayer except in a limited number of very specific circumstances. No unassociated third parties may receive information pertaining to tax returns without written permission from the affected taxpayer except as allowed under 36 MRS § 191. Communications that do not meet the definition of tax information are subject to the general confidentiality and public inspection provisions of Maine's "Freedom of Access" laws. When confidential taxpayer information is stored by MRS, it is kept in a secure location where it is accessible only to authorized employees and agents of MRS. If you have any questions regarding the Privacy Policy, please contact MRS at (207) 626-8475.

PAYROLL PROCESSORS

DOs and DON'Ts for Clients of Payroll Processors in Maine:

Using the services of a payroll processor can be a convenient and economical way for an employer or non-wage filer to file and pay withholding taxes. However, employers or non-wage filers face certain risks associated with the use of a processor, including possible lack of compliance and the risk of loss of funds that are under the control of the processor. Ultimately, it is the employer or non-wage filer who bears the responsibility for meeting its payroll tax obligations. **If you are an employer or non-wage filer that uses the services of a payroll processor, you should take the following precautions:**

- ✔ Educate yourself to understand your filing requirements and the risks associated with using a payroll processor.
- ✔ Verify with the Bureau of Consumer Credit Protection, (207) 624-8527 or www.credit.maine.gov, that the processor is licensed and has provided proof of liability insurance to protect client funds, including coverage for crimes such as fraud and theft. If the processor has access to your company's funds, verify with the state that the company has also posted a surety bond or letter of credit, or is enrolled in the state's Payroll Processor Recovery Fund.
- ✔ Obtain verification from the payroll processor and its insurer that the processor's liability insurance will remain in effect for a specified period of time.
- ✔ Read your contract with your processor carefully.
- ✔ **Ensure that the agreement/contract and any power of attorney that your processor has with you specifically requires that all notices sent by the IRS and State tax agencies be sent directly to you.**
- ✔ Never hesitate to contact tax authorities or the Bureau of Consumer Credit Protection directly when you feel it necessary.
- ✔ Check with the appropriate tax agency periodically to ensure that returns and payments are filed in a timely manner.
- ✔ Insist on verification from your processor that any problem for which the employer has received a tax agency notice has been resolved.
- ✔ Never assume that everything is fine solely because you have not received notice of any problems from the IRS or MRS.
- ✔ Never sign a tax return before it is completed.
- ✔ **Require that the processor provide copies of returns, not just summaries, at the time of filing.**
- ✔ If you are using a nationwide payroll service, be sure you are assigned a direct contact person and telephone number.

A payroll processor is an entity that performs the following services for one or more employers or non-wage filers: prepares and issues payroll checks, prepares and files state income tax withholding reports or unemployment insurance contribution reports, or collects, holds and turns over to the State Tax Assessor income tax withholding or unemployment insurance contributions. By January 31st of each year, all payroll processing companies must obtain a license from the Maine Department of Professional and Financial Regulation, Bureau of Consumer Credit Protection (www.credit.maine.gov).

All payroll processors must provide proof of liability insurance equal to twice the highest weekly payroll processed by the business in the preceding year or $5,000,000, whichever is less. For liability insurance coverage, the processor may choose from a fidelity bond, employee dishonesty bond, third-party fidelity coverage or liability insurance that includes crime coverage.

Payroll processors who have authority to access, control, direct, transfer or disburse a client's funds must also provide evidence of a surety bond in an amount equal to the greater of $50,000 or the total of all local, state and federal tax payments and unemployment contributions remitted by the payroll processor on behalf of employers in this state in the three consecutive month period of highest volume during the previous calendar year. The bond need not exceed $500,000. A letter of credit or participation in the state's Payroll Processor Recovery Fund can be substituted for a surety bond.

A payroll processor must provide certain information to each client at least every quarter. Such information includes an accounting of funds received and disbursed, contact information for state and federal tax agencies to verify payments have been made, and notice that bonding does not necessarily ensure that all claims will be covered if the payroll processor fails to comply with its responsibilities.

A payroll processor may not designate itself as the sole recipient of notices from state or federal authorities for nonpayment of taxes or unemployment contributions. A payroll processor shall ensure that such notices are provided directly to the affected employers or non-wage filers.

Failure to register or abide by all statutory requirements will subject a payroll processor to certain civil penalties. Further information and applications may be obtained from the Bureau of Consumer Credit Protection. Call (207) 624-8527 or visit the website at www.credit.maine.gov (select "Rosters", then go to "Payroll Processor Companies").

FORM 941P-ME
MAINE PASS-THROUGH ENTITY WITHHOLDING

GENERAL INFORMATION

Purpose of Form 941P-ME

Form 941P-ME is filed by pass-through entities that have nonresident members to report entity-level distributive income and apportionment information, pass-through entity withholding for nonresident members and nonresident members exempt from pass-through entity withholding.

Who must file

A pass-through entity treated as a partnership or S corporation for federal tax purposes that transacts business in Maine or realizes Maine-source income and had, during the reporting period, at least one nonresident member (owner) must file Form 941P-ME. The entity is not required to file Form 941P-ME if all entity members were residents of Maine during the entire reporting period. Also, a financial institution organized as a partnership, LLC, or S corporation is not required to file Form 941P-ME (see instructions for Form 1120B-ME). An entity that is treated as a disregarded entity for federal tax purposes is also treated as a disregarded entity for Maine tax purposes.

When to File

The 2016 Form 941P-ME is due March 15, 2017. If an entity has an extension from the Internal Revenue Service (IRS) for filing its federal information return (Form 1065 or 1120S), the due date for filing Form 941P-ME is automatically extended for an equivalent period of time, generally up to 6 months, but no longer than 8 months. However, if the entity has any pass-through entity withholding due (see Form 941P-ME, line 3a), that amount must be paid by March 15, 2017. Use voucher Form 901ES-ME to make this payment.

Fiscal Year Entities

Entities that operate on a fiscal year basis must also file Form 941P-ME by March 15, 2017. Complete Form 941P-ME on the basis of entity information for the fiscal year that ends during the calendar year for which the form is filed. For example, an entity with a fiscal year ending June 30, 2016 would complete the 2016 Form 941P-ME by March 15, 2017 on the basis of the entity's information for the fiscal year that ends June 30, 2016. See specific instructions below.

Interest and Penalties

Beginning January 1, 2017, the interest rate is 7% per annum, compounded monthly. The penalty for failure to pay the withholding tax on time is 1% per month up to a maximum of 25%. The penalty for failure to file the return on time is 10% of the tax liability or $25, whichever is greater. If the return is filed more than 60 days after demand, the penalty is the greater of $25 or 25% of the tax due.

Where to File

Maine Revenue Services Rule 104 (Electronic Filing of Maine Tax Returns) generally requires that Form 941P-ME (Maine Pass-Through Entity Withholding) be filed electronically. Maine utilizes the combined federal/state Modernized e-File (MeF) program to facilitate the Maine electronic filing requirement. However, entities (or their preparers) that are unable to file electronically because the software they use does not support the Maine MeF program for Form 941P-ME are granted an automatic waiver from the electronic filing requirement. If this is the case, a waiver request need not be submitted to Maine Revenue Services (MRS). However, all other entities that cannot file electronically because of undue hardship may request a waiver in writing from MRS. The request must include the name, address and ID number of the entity, and a detailed explanation of why filing electronically poses a significant hardship. Mail requests to: Maine Revenue Services, Corporate Tax Unit, P.O. Box 1060, Augusta, ME 04332-1060. To view Rule 104, see www.maine.gov/revenue (select "Laws & Rules").

2016 FORM 941P-ME
MAINE PASS-THROUGH ENTITY WITHHOLDING

GENERAL INFORMATION, continued

NOTE: If you file your return electronically, do NOT send a paper copy.

If filing on paper, mail your return to Maine Revenue Services as follows:

If enclosing a check with your return:	If **NOT** enclosing a check with your return:
Maine Revenue Services P. O. Box 1065 Augusta, ME 04332-1065	Maine Revenue Services P.O. Box 1064 Augusta, ME 04332-1064

Attachments

- The annual return must include schedules 2P and 3P, if necessary, but do not attach copies of your federal Form 1065 or Form 1120S. Maine Revenue Services may request additional information, however, as necessary.
- If you have an ownership interest in or you received Maine source income reported on Schedule K-1 from another pass-through entity, attach a statement that includes the name and FEIN of the other pass-through entity(ies).

Amended Returns

An amended return must be filed to correct a reporting error in the amount of withholding for the calendar year, such as to report and remit additional withholding due or to obtain a refund of excess income tax withheld and remitted to Maine Revenue Services.

If an amended return is filed after the end of the year, you must attach copies of original or corrected annual statements (Forms 1099ME) that reflect the corrected amount of withholding for those members listed on Schedule 2P whose withholding amounts are being corrected.

An amended return must also be filed if you file an amended federal return that affects the information reported on Schedule 1P, whenever the IRS changes or corrects any item that affects the information reported on Schedule 1P, or whenever, for any reason, there is a change or correction needed to the Maine return. Amended returns must be filed within 180 days of the final determination of the change or correction or the filing of the federal amended return or Internal Revenue Agent report. For more information, see the specific instructions for the amended return box.

Complete the amended Form 941P-ME, including Schedules 2P and 3P, with the corrected information. Attach to the amended return an explanation of the adjustments made.

Who Must Withhold

A pass-through entity is generally required to withhold Maine income tax from the Maine-source distributive income of each nonresident member (partner, shareholder, LLC member, etc.) unless that member is exempt from the withholding requirement or the income has already been subject to Maine withholding. A pass-through entity is any entity (including an LLC) that is treated as a partnership or S corporation for federal income tax purposes. However, a pass-through entity that is a financial institution as defined in 36 M.R.S. § 5206-D(8) is not required to withhold from its members. Nonresident members include individual members that are not residents of Maine, business members, including C corporations and other pass-through entities, that have a commercial domicile outside of Maine, and members that are estates or trusts that are not residents of Maine pursuant to 36 M.R.S. §§ 5102(2) and 5102(4). See below for more information about the exemptions from the pass-through entity withholding requirement. Note: The pass-through entity withholding requirement is separate from, and in addition to, the employee income tax withholding requirements.

How Much Must Be Withheld

For calendar year 2016, you must withhold 7.15% of the estimated Maine-source distributive income of each nonresident member except you must withhold 8.93% if the nonresident member is a C corporation. The Maine-source distributive income of a nonresident member is equal to the member's share of the net income of the entity for the calendar year (or, for fiscal year filers, for the fiscal year ending during the calendar year) apportioned to Maine in accordance with 36 M.R.S., Chapter 821. For calendar year 2017, the withholding rate is 10.15% for individual nonresident members.

If you do not know the amount of Maine-source distributive income of a nonresident member, you must estimate.

For purposes of Maine pass-through entity withholding, the net income of an entity for the calendar (or fiscal) year is calculated, on an estimated basis, as follows:

Partnerships: Federal Form 1065, Schedule K, lines 1-11 less federal Form 1065, Schedule K, lines 12, 13c(2) and 13d (excluding items of itemized deductions reportable on federal Form 1040, Schedule A).

S Corporations: Federal Form 1120S, Schedule K, lines 1-10 less federal Form 1120S, Schedule K, lines 11, 12c(2) and 12d (excluding items of itemized deductions reportable on federal Form 1040, Schedule A).

An entity that is required to withhold a total of more than $1,000 from its members for the calendar year must, for each calendar quarter, make estimated payments equal to 25% of the lesser of the following:

(a) 90% of the amount required to be withheld for the calendar year; or

(b) The amount required to have been withheld for the prior calendar year, except that this paragraph does not apply if the preceding year was less than 12 months, or if the pass-through entity was not required to withhold, or if the entity did not file an annual return for the prior year.

The estimated payments may be made electronically (see below) or by check using Form 901ES-ME. Payments are due for each calendar quarter on or before the following dates: April 30th, July 31st, October 31st, and January 31st of the following year.

ELECTRONIC PAYMENTS REQUIRED. Any person with a combined Maine tax liability of $10,000 or more for all tax types during the most recent lookback period ending during the prior calendar year is required to remit all Maine tax payments electronically using Maine EZ-pay, ACH debit, or ACH credit method. Maine EZ-pay is a web based payment system available on the Maine Revenue Services website. Maine EZ-pay allows payments to be scheduled in advance to be automatically withdrawn on the date selected. ACH debit payments may be made by including your banking information with an electronically filed return. The ACH credit system, which allows taxpayers to contact their bank and initiate payment to MRS, requires pre-registration with MRS. Any person required to pay electronically who fails to do so is subject to a penalty equal to the lesser of 5% of the tax due or $5,000. The penalty for insufficient funds also applies. To obtain an ACH Credit application or to get more information, go to www.maine.gov/revenue/netfile/gateway2.htm, call 207-624-5625 or write: EFT Unit, Maine Revenue Services, PO Box 1060, Augusta, ME 04332-1060.

Exemptions from Withholding

Several exemptions (described below) are available to entities and their members that can reduce or eliminate the requirement to withhold. Pass-through entities with members that are pass-through entities should see the “Tiered Entities” section below.

Automatic Exemptions. Do not include on Schedule 3P members who qualify for an automatic exemption. The following entities and members qualify for an automatic exemption from the pass-through entity withholding requirement:

(a) A nonresident member with less than $1,000 Maine-source member income for the current year;

(b) A nonresident member that is a tax-exempt entity under either Maine law or federal law (including IRAs, Keoghs, pension and profit-sharing plans, and other such organizations), unless the Maine-source member income of the tax-exempt entity is unrelated business income;

(c) A nonresident upper-tier pass-through entity that realizes income from a lower-tier entity and the lower-tier entity has already withheld from that income;

(d) A member of a publicly traded partnership that is treated as a partnership under Code section 7704;

(e) An entity that is a publicly traded partnership treated as a partnership under Code section 7704; and

(f) A member of an entity that is prohibited under federal or state law from making distributions to members. This exemption applies only for years in which distributions are prohibited under federal or state law. Contractual restrictions on distributions, such as loan covenants or organizational documents, do not qualify an entity for this exemption.

Compliant Taxpayer Exemption. A member that is generally subject to pass-through entity withholding may obtain an exemption as a compliant taxpayer. To obtain this exemption, the member must sign and submit to the entity a Nonresident Member Affidavit and Agreement to Comply with Maine Income Tax (Form 941AF-ME) acknowledging the fact that they are subject to Maine income tax laws and will make estimated payments and file income tax returns for the tax year as required by law. The entity must keep all affidavits in its records, and must file Form 941P-ME for the relevant year and list the member on Schedule 3P. If a member fails to comply with Maine tax law, MRS will disqualify the member and notify the entity in writing of the disqualification and the pass-through entity will be required to withhold for that member in subsequent periods. If there is significant noncompliance among the members of an entity, all nonresident members of the entity may be disqualified. A nonresident member who has been previously disqualified by MRS is not eligible to participate in the compliant taxpayer exemption.

Composite Taxpayer Exemption. A member may obtain an exemption from pass-through entity withholding by agreeing to participate in a composite income tax return. A composite return is a simplified group return filed by the entity. Only natural persons and certain trusts may be included in a composite return. For a full description of the composite return and the filing process, see MRS Rule 805 and Schedule 1040C-ME at www.maine.gov/revenue. Do not withhold from members who have agreed to participate in the annual composite filing.

The steps below must be followed in order for the nonresident member to qualify for the composite taxpayer exemption:

(a) The entity must collect a Nonresident Member Agreement to Participate in a Composite Filing of Maine Income Tax (Form 941CF-ME) from each nonresident member electing to participate in the composite group filing.

(b) The entity must make estimated payments (Form 1040ES-ME) on behalf of the composite filing group if the aggregate estimated Maine income tax liability is greater than $1,000 for the calendar year. For more information about estimated payments for composite groups, see the instructions and worksheets for Forms 1040ES-ME and 2210ME.

(c) The entity must timely file a composite return on behalf of the composite filing group. Instructions for filing a composite return can be found with Schedule 1040CME at www.maine.gov/revenue.

(d) The entity must file Form 941P-ME and list the participating members on Schedule 3P.

If these requirements are not met, the withholding obligation is not waived and the entity will be liable for withholding payments and related interest and penalty charges.

Requested Exemptions. Requested exemptions are for members that do not qualify for the compliant taxpayer, composite filing or automatic exemptions. If a pass-through entity believes, for reasons other than those identified above, that it should be exempt from the withholding requirement, or the entity would like to propose an alternate application of the withholding requirement, the entity may apply for an exemption. To apply, submit a letter of explanation to MRS as soon as possible prior to the withholding deadline. Requested exemptions require prior written authorization. Generally, MRS will respond to exemption requests within 60 days. However, if the exemption request involves a complicated pass-through entity structure (i.e., tiered entities), more time may be required. If the request is approved, the entity must list the exempt members on Schedule 3P when it files Form 941P-ME for the relevant year. If the entity requesting an exemption does not receive a decision prior to the withholding deadline, the entity will need to submit the required withholding. The exemption will apply only to the calendar year for which it is requested.

Tiered Entities

For purposes of Maine pass-through entity withholding, tiered entities exist when one pass-through entity is a member of another pass-through entity. The pass-through entity that is a member is the upper-tier entity, and the entity of which it is a member is the lower-tier entity. A tiered pass-through entity arrangement may have more than two tiers; in such cases, a single entity can be both a lower-tier and an upper-tier entity. In this case, withholding is required from any Maine-source distributable income realized by the lower-tier entity that is passing through to an upper-tier entity member. This income is exempt from any additional withholding by upper-tier entity members (i.e., tier 2, 3, 4 members, etc.). If an upper-tier entity realizes Maine-source income from a lower-tier entity that did not withhold, the upper-tier entity is required to withhold from the distributive share Maine-source income of its non-exempt members. If an upper-tier entity's only Maine-source income is income from a lower-tier entity that has already been subjected to Maine pass-through entity withholding, the upper-tier entity is not required to complete Schedule 2P as it has no withholding obligation. However, in this case, the upper-tier entity is still required to issue Forms 1099ME to its members to identify in Box 2 each member's share of the tax withheld by the lower-tier entity, and the name and ID number of the lower-tier entity in Box 4.

Automatic Exemptions for Tiered Entities. If an upper-tier entity has one or more members that are automatically exempt, it may notify the lower-tier entity in writing of the proportion of income that qualifies for the automatic exemption. The lower-tier entity must then treat only the remaining portion of the upper-tier's share of income as being either subject to withholding or exempt under the compliant taxpayer exemption as described below.

Compliant Taxpayer Exemption for Tiered Entities. A lower-tier entity is not required to withhold from an upper-tier pass-through entity member if that member provides to the lower-tier entity a Nonresident Member Affidavit and Agreement to Comply with Maine Income Tax (Form 941AF-ME). The lower-tier entity must list the exempt upper-tier entity on Form 941P-ME, Schedule 3P. By filing Form 941AF-ME, the upper-tier entity member agrees to assume responsibility for the pass-through entity withholding requirement for its members with respect to the lower-tier entity income, including the application of any exemptions.

Form 1099ME

After the calendar year and by January 31, the pass-through entity must supply a copy of Form 1099ME to each nonresident member for whom there was a pass-through entity withholding amount for the calendar year. Follow the Form 1099ME instructions to complete the form.

2016 FORM 941P-ME
MAINE PASS-THROUGH ENTITY WITHHOLDING
SPECIFIC INSTRUCTIONS

Form 1099ME is available at www.maine.gov/revenue/forms or by calling (207) 624-7894. DO NOT attach copies of Forms 1099ME to Form 941P-ME. The recipient of Form 1099ME must attach a copy of the form to its Maine income tax return in order to receive credit for the amount withheld for the year. A person who furnishes a false or fraudulent Form 1099ME or fails to furnish a Form 1099ME commits a civil violation for which a fine of $50 for each failure may be imposed.

Entity Information. Enter the name, address and federal identification number of the entity.

Amended Return Indicator. If filing an amended return, check the amended return box and complete all lines on page 1. If the amount on a line is not changing, enter the original amount. Complete Schedules 2P and 3P only if there is a correction to report on those schedules. When amending Schedule 2P or 3P, include only the members for which you are making a correction.

Line A. Check the box on line A and complete Schedule 3P if any members of the entity were exempt from withholding as compliant taxpayers or composite filers.

Line B. Enter total number of members who were nonresidents of Maine during any part of the reporting period.

Line 1. Enter the amount of pass-through entity withholding withheld during the calendar year from Schedule 2P, line 12. This amount should agree with the aggregate of amounts reported in Box 1 of Forms 1099ME. Do not include Real Estate Withholding or amounts withheld by a lower tier entity and reported to you on Form 1099ME.

Line 2. Enter the total of estimated pass-through entity withholding payments you made for calendar year 2016. Do not include Real Estate Withholding payments reported on Forms REW-1-1040, REW-1-1041 or REW-1-1120 or amounts paid by a lower tier entity. See instructions for tiered entities on Form 1099ME.

Line 3a. If line 1 is greater than line 2, enter the amount of Maine income tax withholding due with this return. Payment must be made electronically if your annual Maine tax liability for all Maine taxes is $10,000 or more. Otherwise, payment may be made electronically or enclosed with the return.

Line 3b. If line 2 is greater than line 1, enter the amount of Maine income tax withholding overpaid. A refund will be sent to you.

Tiered Entity. Check the box below line 3b if you have an ownership interest in or you received Maine source income reported on Schedule K-1 from another pass-through entity. If checked, attach a statement that includes the name and FEIN of the other pass-through entity(ies).

Schedule 1P – Entity Apportionment

Lines 4a – 4c. Maine Apportionment Factor. The apportionment factor is a fraction, the numerator of which includes the total sales of the taxpayer in Maine during the tax period, and the denominator of which includes the total sales of the taxpayer everywhere in the U.S. during the tax period. Entities operating on a fiscal year basis must enter apportionment data for the fiscal year that ended during the calendar year. For additional guidance, see the instructions to Form 1120ME, Schedule A (apportionment of tax) and MRS Rule 801.

Line 4a. Enter the Maine sales of the entity. Enter zero if the entity had no Maine sales. If the entity filing this return received Maine-source income from other pass-through entities, enter on line 4a the combined Maine sales of the entity filing this return and its share of the Maine sales of the other pass-through entities.

Line 4b. Enter the total U.S. sales of the entity. Enter zero if the entity had no U.S. sales. If the entity filing this return received Maine-source income from other pass-through entities, enter on line 4b the combined U.S. sales of the entity filing this return and its share of the U.S. sales of the other pass-through entities.

Line 4c. Enter the entity's Maine apportionment factor. Generally, the apportionment factor is calculated by dividing the entity's Maine sales by its total U.S. sales.

Line 5. Entity Income or Loss. Enter the entity income or loss for the entity's tax year. If the entity operates on a fiscal year basis, enter the income or loss for the fiscal year ending during the calendar year. Entity income or loss is calculated as follows:

Partnerships: Federal Form 1065, Schedule K, lines 1-11 less federal Form 1065, Schedule K, lines 12, 13c(2) and 13d (excluding items of itemized deductions reportable on federal Form 1040, Schedule A).

S Corporations: Federal Form 1120S, Schedule K, lines 1-10 less federal Form 1120S, Schedule K, lines 11, 12c(2) and 12d (excluding items of itemized deductions reportable on federal Form 1040, Schedule A).

Schedule 2P- Pass-through Entity Withholding Listing

Do not complete Schedule 2P if the entity had no pass-through entity withholding for the calendar year. Complete all information for each Schedule 2P page submitted. The amount of withholding for each member should equal the amount of withholding appearing in box 1 of Forms 1099ME. Do not include lower-tier entity withholding or real estate withholding.

Column 6. Enter each member's last name, first name and middle initial. If a nonresident member is other than an individual, enter the business or entity name.

Column 7. Enter each member's social security number or, if the nonresident member is other than an individual, the federal employer identification number.

Column 8. Check this box if the ID number entered in Column 7 is an employer identification number.

Column 9. Enter each partner's/shareholder's distributive share percentage in the entity. If the entity's tax year is other than the calendar year, enter each partner's/shareholder's distributive share percentage in the entity with respect to the entity's tax year that ends during the calendar year. For example, if the entity's tax year ends June 30, 2016, enter each partner's/shareholder's distributive share percentage with respect to the entity's tax year that ends June 30, 2016. If, for example, the distributive share percentage for a partner/shareholder is 25%, enter the amount as 25.00.

Column 10. Enter the total Maine income tax withheld for each member during the calendar year. If a member's withholding is greater than $999,999.99, enter the withholding on two or more lines to add up to the total withholding for the member. Do not enter any member for which there was no pass-through entity withholding during the calendar year.

Line 11. Enter the total Maine income tax withheld for members listed on this page. If there was no pass-through entity withholding for the calendar year, enter zero.

Line 12. On the last Schedule 2P page only, enter the total Maine income tax withheld for all Schedule 2P pages. If there was no pass-through entity withholding for the calendar year, enter zero. The amount entered on this line should equal the amount entered on Form 941P-ME, line 1 and should also equal the total of amounts entered in Box 1 of Forms 1099ME issued to nonresident members for the calendar year.

Schedule 3P- List of Exempt Members

Complete Schedule 3P if you had nonresident members that qualified for any one of the following pass-through entity withholding exemptions for the calendar year:

(a) Members exempt under the Compliant Taxpayer Exemption;
(b) Members exempt under the Composite Taxpayer Exemption; or
(c) Members exempt under a requested exemption that has been approved by Maine Revenue Services.

Do not include in the Schedule 3P listing any member that qualified for an automatic exemption described earlier.

Column 13. Enter each member's last name, first name and middle initial. If a nonresident member is other than an individual, enter the business or entity name.

Column 14. Enter each member's social security number or, if the nonresident member is other than an individual, the federal employer identification number.

Column 15. Check this box if the ID number entered in Column 14 is an employer identification number.

Column 16. Enter each partner's/shareholder's distributive share percentage in the entity. If the entity's tax year is other than the calendar year, enter each partner's/shareholder's distributive share percentage in the entity with respect to the entity's tax year that ends during the calendar year. For example, if the entity's tax year ends June 30, 2016, enter each partner's/shareholder's distributive share percentage with respect to the entity's tax year that ends June 30, 2016. If, for example, the distributive share percentage for a partner/shareholder is 25%, enter the amount as 25.00.

Column 17. Check the box for each member participating in a composite return for the tax year of the entity ending during the calendar year.