**§5250-B. Withholding on pass-through entity income of nonresident partners and shareholders**

**1. Definitions.**  As used in this section, unless the context otherwise indicates, the following terms have the following meanings.

A. "Member" means an individual or other owner of a pass-through entity. [PL 2003, c. 20, Pt. AA, §1 (NEW); PL 2003, c. 20, Pt. AA, §6 (AFF).]

B. "Nonresident" means a nonresident individual, a business entity that does not have its commercial domicile in the State, or a nonresident estate or trust. [PL 2003, c. 20, Pt. AA, §1 (NEW); PL 2003, c. 20, Pt. AA, §6 (AFF).]

C. "Pass-through entity" means a corporation that for the applicable tax year is treated as an S corporation under the Code and a general partnership, limited partnership, limited liability partnership, limited liability company or similar entity that for the applicable tax year is not taxed as a C corporation for federal tax purposes. For purposes of this section, "pass-through entity" does not include a financial institution subject to tax under chapter 819. [PL 2005, c. 332, §24 (AMD); PL 2005, c. 332, §30 (AFF).]

[PL 2005, c. 332, §24 (AMD); PL 2005, c. 332, §30 (AFF).]

**2. Withholding required.**  Except as provided by subsection 3, every pass-through entity that does business in this State must withhold income tax at the highest tax rate provided in this Part on the proportionate quarterly share of Maine source income of each nonresident member. The method for determining the amount of the share of income and for determining the amount of withholding for each nonresident member under this section must be prescribed by rules adopted by the assessor. Rules adopted pursuant to this section are routine technical rules as defined in Title 5, chapter 375, subchapter 2‑A.

[PL 2003, c. 20, Pt. AA, §1 (NEW); PL 2003, c. 20, Pt. AA, §6 (AFF).]

**3. Withholding exemptions.**  For purposes of this section, a pass-through entity is not required to withhold tax for a nonresident member if:

A. The member's share of annual entity income sourced to the State is less than $1,000; or [PL 2003, c. 20, Pt. AA, §1 (NEW); PL 2003, c. 20, Pt. AA, §6 (AFF).]

B. The bureau has determined by rule, ruling or instruction that the member's income is not subject to withholding. [PL 2003, c. 20, Pt. AA, §1 (NEW); PL 2003, c. 20, Pt. AA, §6 (AFF).]

[PL 2003, c. 20, Pt. AA, §1 (NEW); PL 2003, c. 20, Pt. AA, §6 (AFF).]

SECTION HISTORY

PL 2003, c. 20, §AA1 (NEW). PL 2003, c. 20, §AA6 (AFF). PL 2005, c. 332, §24 (AMD). PL 2005, c. 332, §30 (AFF).

The State of Maine claims a copyright in its codified statutes. If you intend to republish this material, we require that you include the following disclaimer in your publication:

*All copyrights and other rights to statutory text are reserved by the State of Maine. The text included in this publication reflects changes made through the Second Regular Session of the 131st Maine Legislature and is current through January 1, 2025
. The text is subject to change without notice. It is a version that has not been officially certified by the Secretary of State. Refer to the Maine Revised Statutes Annotated and supplements for certified text.*

The Office of the Revisor of Statutes also requests that you send us one copy of any statutory publication you may produce. Our goal is not to restrict publishing activity, but to keep track of who is publishing what, to identify any needless duplication and to preserve the State's copyright rights.

PLEASE NOTE: The Revisor's Office cannot perform research for or provide legal advice or interpretation of Maine law to the public. If you need legal assistance, please contact a qualified attorney.