



# THE MAINE EMPLOYER'S ALMANAC

Your guide to payroll, HR,  
& compliance in Maine

2026 Edition



PaperTrails

# TABLE OF CONTENTS

## Section 1: Breaking Ground

Page 4: Review and Refresh Your Employee Handbook

Page 5: Federal Compliance Requirements

Page 8: Maine Compliance Requirements

Page 14: Payroll & Tax Readiness

## Section 2: Growth Season

Page 19: Payroll Taxes

Page 21: Hiring and Onboarding Employees

Page 24: Remote Employee Compliance

Page 26: Employee Benefits

## Section 3: Peak Season

Page 28: Seasonal Business Compliance

Page 30: Managing Tipped Employees

Page 35: Foreign Worker Compliance

Page 39: Child Labor Laws

## Section 4: The Final Harvest

Page 42: Open Enrollment Season

Page 44: Performance Reviews

Page 46: Payroll & HR Year End

Page 49: Top 10 Maine Employer Must-Dos Each Year

# A NOTE TO EMPLOYERS

Running a business in Maine has always taken grit, creativity, and a deep connection to our community. Between payroll deadlines, new laws, and the constant balancing act of supporting your team, it can feel like you're juggling a dozen seasons at once.

At Paper Trails, we know what that feels like — because we live and work right here in Maine too. That's why we created [The Maine Employer's Almanac](#) — a resource designed to bring practical, local wisdom to the world of payroll, HR, and compliance.

This Almanac is designed to guide you through the year, quarter by quarter—helping you plant the seeds of success, nurture your people, and harvest the rewards of good planning and compliance.

Think of this as your roadmap — part calendar, part compliance guide, and part celebration of Maine's hardworking business community. Whether you're navigating new HR laws, managing payroll complexities, or simply trying to stay ahead, we hope this Almanac helps you do it with confidence.

Thank you for being part of Maine's small business story. Together, we're keeping a proud local tradition alive — one payroll, one employee, and one good decision at a time.



**Chris Cluff**  
President



# SECTION 1: BREAKING GROUND

Q1: January – March

As Maine businesses prepare for a new year, the first few months are about setting a strong foundation. It's time to update your handbooks, confirm compliance with state and federal laws, and make sure your payroll and HR systems are ready for what's ahead. Getting organized in the winter saves countless headaches later — and ensures your business starts the year in good standing.

## 1 Review and Refresh Your Employee Handbook

Your handbook isn't a "set it and forget it" document—it's the foundation of your company culture and compliance. Review it each January (or when new laws take effect) to make sure it reflects current laws and workplace realities.

- + A handbook is a document where you can clearly outline your policies, procedures, and expectations. It ensures that all employees understand what is expected of them and what they can expect from the company.
- + Beyond providing clarity, an employee handbook is crucial for legal compliance and risk management. By including important policies related to anti-discrimination, harassment, safety regulations, and disciplinary procedures, you help protect your business from potential legal issues.
- + Your handbook should be all encompassing, but here are some things to consider including in your handbook:
  - ✓ Company Policies and Procedures
  - ✓ Safety and Health Policies
  - ✓ Benefits and Leave Policies
  - ✓ Employment Termination and Disciplinary Procedures
  - ✓ Communication and Social Media Guidelines



## 2 Federal Compliance Requirements

As your team grows, so do your compliance responsibilities. Different federal laws kick in at different employee counts, so take time to review your current headcount and update your handbook to reflect any new requirements that now apply.

### Employer Tip

**No matter your company size, you must display federal and state labor law posters in the workplace.**

Employee Count	Law / Act	What It Requires
1+ Employees	<a href="#">Fair Labor Standards Act (FLSA)</a>	Requires employers to pay at least minimum wage and sets rules for overtime eligibility and pay.
	<a href="#">Immigration Reform and Control Act (IRCA)</a>	Employers must verify each employee's eligibility to work in the U.S. by completing Form I-9 with valid identification.
	<a href="#">Equal Pay Act (EPA)</a>	Men and women performing the same work must be paid equally within the same organization.
	<a href="#">Civil Rights Act (Title VI)</a>	Prohibits discrimination based on race, color, religion, sex, or national origin.
	<a href="#">Employee Retirement Income Security Act (ERISA)</a>	Employers offering private pension or health plans must provide participants with plan information and protections.

## Section 1: Breaking Ground

Employee Count	Law / Act	What It Requires
1+ Employees	<a href="#"><u>National Labor Relations Act (NLRA)</u></a>	Protects employees' rights to organize, join, or assist labor unions and governs employer-union relations.
	<a href="#"><u>Uniformed Services Employment &amp; Reemployment Rights Act (USERRA)</u></a>	Ensures job reinstatement for employees returning from military service and requires reasonable accommodations for disabled veterans.
	<a href="#"><u>Occupational Safety and Health Act (OSHA)</u></a>	Requires employers to provide a safe workplace and follow federal safety standards.
	<a href="#"><u>Health Insurance Portability and Accountability Act (HIPAA)</u></a>	Protects the privacy of employee health records; employers cannot access without consent.
	<a href="#"><u>Employee Polygraph Protection Act (EPPA)</u></a>	Prohibits most private employers from using lie detector tests on job applicants or employees.
15+ Employees	<a href="#"><u>Genetic Information Nondiscrimination Act (GINA)</u></a>	Forbids discrimination based on genetic information, family medical history, or disease risk.

## Section 1: Breaking Ground

Employee Count	Law / Act	What It Requires
15+ Employees	<a href="#"><u>Americans with Disabilities Act (ADA)</u></a>	Prohibits discrimination and requires reasonable accommodations for individuals with disabilities.
20+ Employees	<a href="#"><u>Age Discrimination in Employment Act (ADEA)</u></a>	Protects individuals aged 40 and older from workplace discrimination.
	<a href="#"><u>Consolidated Omnibus Budget Reconciliation Act (COBRA)</u></a>	Requires continuation of group health coverage (18–36 months) for employees and dependents after employment ends.
50+ Employees	<a href="#"><u>Family and Medical Leave Act (FMLA)</u></a>	Grants eligible employees up to 12 weeks of unpaid, job-protected leave for family or medical reasons.
	<a href="#"><u>Affordable Care Act (ACA)</u></a>	Requires applicable large employers to offer affordable health insurance and file annual ACA reports.
100+ Employees	<a href="#"><u>EEO-1 Report (Civil Rights Act, Title VII)</u></a>	Requires reporting of workforce demographics and pay data to the EEOC.
	<a href="#"><u>Worker Adjustment and Retraining Notification Act (WARN)</u></a>	Requires at least 60 days' notice before mass layoffs or plant closings.

### 3 Maine Compliance Requirements

As your business grows, so do your responsibilities under Maine law. Rules can change based on your size, structure, and industry, so take time at the start of each year to review your employee count and ensure you're meeting all state requirements.



#### Employers with 1+ Employee

##### Worker's Compensation Insurance

Workers compensation insurance is a program that provides benefits to your employees should they get injured on the job. Every state, with the exception of Texas, mandates that businesses purchase workers compensation insurance. The State of Maine requires all businesses with one or more employees to purchase workers compensation insurance.

Maine allows employers to purchase through private companies and has strict penalties for non-compliance. Generally, benefits received from workers compensation insurance are not taxable. From a business standpoint, employers may deduct insurance premiums on their tax returns.

##### Unemployment Insurance

Businesses with employees are also required to pay into their State Unemployment Insurance (SUI) program as well as the Federal Unemployment Insurance Act (FUTA). These programs are there to provide benefits for a particular period of time to those individuals that are unemployed. These employee benefits are taxable.

For businesses, the amount paid into SUI depends on each business' unemployment rate. In the case of FUTA, businesses are required to pay 0.6% of the first \$7,000 in wages for each employee.

## Section 1: Breaking Ground

### Maine's Paid Family & Medical Leave Program

Maine's law will provide up to 12 weeks of paid leave for family, military, medical or safe leave.

All employees must contribute a 0.5% percent payroll tax to fund the program. Employers with 15 or more eligible employees must also contribute a 0.5% payroll tax.

- ✓ All public and private employers, as well as self-employed individuals are covered by the program. Federal government employers are not covered.
- ✓ There are a few instances when businesses will not have to contribute a payroll tax to the program. These instances are:
  - 1 Employers can opt-out of the program if they [offer comparable private paid leave](#) to their employees. Employers cannot impose a cost to employees that is greater than the payroll tax under the state plan.

Even if an employer opts out of a the plan and uses a comparable private plan, they are still required to remit wages quarterly to the DOL.
  - 2 Employers with [15 or less workers are exempt from paying the employer portion](#) of the tax. However, employers must withhold the employee portion and remit this to the state.
- ✓ Each employer will be required to register for a PFML account with Maine Department of Labor.
- ✓ The employer is responsible for collecting and remitting employee contributions and reporting employee wages to the PFML Fund.
- ✓ Self-employed individuals are eligible for Paid Family and Medical Leave but must choose to opt in for coverage.

Learn more at [papertrails.com/pfml](https://papertrails.com/pfml).

### Employers with 5+ Employees

#### Maine Mandatory Retirement Program: MERIT

Covered employers in Maine with 5 or more employees will be required to either offer a retirement program or deduct 5% of employee wages to put towards a state-sponsored Roth IRA.

- + Private businesses with more than 5 employees must offer an employer-sponsored plan, or enroll employees in the State's plan.
- + 5% of wages will be automatically withdrawn from each pay check and put into a Roth IRA.
- + Employees may increase or decrease this contribution rate.
- + The annual contribution rate will increase no more than 1% per year, up to a max of 10%.
- + Employees will have an opportunity to opt out.
- + Those employees that do opt out will be automatically re-enrolled with the opportunity to opt out again.
- + Employers will not be required to match employee contributions.
- + There will be per employee penalties each year for those businesses not in compliance.

Learn more at [papertrails.com/merit](https://papertrails.com/merit).



### Employers with 10+ Employees

#### Maine Earned Paid Leave

This law establishes a minimum standard for paid time off in Maine. Covered employers must meet this minimum standard, but the law does not require an employer to limit or reduce existing paid time off benefits.

- \* This is 11 or more bodies, not 11 full-time equivalent (FTE) or any other count of employees.
- \* Common ownership rules apply. Consequently, if you own two businesses with a total of 11 or more employees, you are required to offer earned paid leave to all employees of both businesses.
- \* Employees may earn 1 hour for every 40 hours worked up to 40 hours per year. This is a MINIMUM requirement. Employers may (and many do) offer a more substantial time off package. Employees can carry over up to 40 hours per year and never exceed 80 hours at one time.
- \* This earned time may be used for sick, vacation, personal, or emergency time.
- \* Must be paid at the same rate of pay earned in the most recent payroll. This is weighted and must include “non-discretionary earnings” like commissions.

#### Vacation Payout Law

Under this legislation, businesses must payout any unused, accrued vacation time upon cessation of employment, regardless of the reason of separation.

- \* Unused, accrued vacation time must be paid out in full no later than the employee’s next payday.
- \* The law states that this refers to vacation time only. Earned paid leave or paid time off policies are not affected by this requirement.



### Report to Work

Maine's "Report to Work" law creates guaranteed pay for employees who show up but have their shift shortened or canceled. Employers with at least 10 employees in the regular course of business, and that are open more than 120 days per calendar year must adhere.

- \* Businesses must pay the lesser of two hours of regular pay or the scheduled shift length if an employee reports to work and is sent home early.
- \* Tipped employees must be paid using full Maine minimum wage, not the tipped wage, when applying this rule.
- \* Exceptions apply for weather events, emergencies, illness, or when the employer made a good-faith effort to notify the employee before they arrived.
- \* To stay compliant, employers should document scheduling changes, notification attempts, and employee arrival times to demonstrate good-faith efforts and proper pay practices.

### Employers with 100+ Employees

#### Maine Severance Pay

Maine's severance pay law creates important obligations for larger employers when a business closes, relocates, or undergoes significant layoffs. Employers should understand when severance is required and how payments must be calculated.

- \* Applies to any employer with 100+ employees in the previous 12 months.
- \* Severance is owed when a facility permanently closes, relocates, or experiences a mass layoff.
- \* Employees must receive one week of pay for each full year of service, plus partial pay for partial years.
- \* Severance is required in addition to final wages and must be provided promptly.

### Other Maine Laws

#### Payment of Wages

Employers must pay wages at regular intervals of no greater than 16 days. Each payment must include all wages earned to within eight days of the payment date.

#### Breaks

Maine requires employers to give their employees rest breaks. Most employees are only permitted to work for six consecutive hours at a time unless given the opportunity to take at least 30 consecutive minutes of rest.

The rest break requirement doesn't apply in emergency situations when there is danger to property, life, public safety, or public health. Additionally, this requirement doesn't apply to places of employment where fewer than three employees are on duty at one time and the nature of the work allows them frequent breaks during their work day.

#### Whistleblower Protections

Maine law protects employees via the whistleblower protection. Employers cannot discharge, threaten, or otherwise discriminate against an employee if that employee:

- Reports a suspected violation of the law or rule of the state or U.S.
- Refuses to carry out directions or assignments that break the law.
- Reports a condition or practice that would put at risk the health or safety of that employee.
- Participates in an investigation, hearing, or inquiry
- Reports suspected abuse, neglect, or exploitation of children or disabled adults.

#### Employer Tip

**Maine's labor laws change more often than most employers realize, and even small updates can have a big impact. Build a habit of reviewing your policies at least once a year—ideally every quarter—and document any updates you make.**

### 4 Payroll & Tax Readiness

The start of a new year means new payroll tax rates, contribution limits, and reporting requirements. Reviewing these updates early helps ensure accurate paychecks, smooth tax filings, and fewer surprises when quarterly reports are due.

#### Minimum Wage

Businesses are required to pay their non-exempt employees a certain hourly wage. The federal minimum wage is currently \$7.25 per hour. Those employees classified as "exempt" employees are required to earn a minimum salary. That salary is currently \$684 per week at the federal level. Most states have their own minimum wage requirements that are higher than the federal minimum wage.

Effective January 1st (unless otherwise noted), many states increase their minimum wage to combat the rising cost of living around the country. Maine's minimum rates for 2026 are below:

- Maine Minimum Wage: \$15.10 per hour
- Rockland, ME Minimum Wage: \$16.00 per hour
- Portland, ME Minimum Wage: \$16.75 per hour
- Maine Tipped Minimum Wage: \$7.55 per hour
- Rockland, ME Tipped Minimum Wage: \$8.00 per hour
- Portland, ME Tipped Minimum Wage: \$8.38 per hour
- Maine Minimum Salary Wage: \$871.16 per week

#### So, What Are Exempt vs Non-Exempt Employees?

Exempt and non-exempt employees are subject to different pay requirements. Exempt employees are exempt from receiving any overtime pay. Non-exempt employees must receive overtime pay for any hours worked over 40 in any given 7-day period. There are additional differences between the two that employers must know:

## Section 1: Breaking Ground

Types of Employees	
Exempt	Non-Exempt
Paid a salary rate	Paid a hourly rate
Must be paid at least minimum salary threshold	Must be paid at least minimum hourly rate
Must work certain jobs and perform certain duties (EAP Exemptions)	Can work any job
Maine 2026 salary threshold = \$871.16/week	Maine 2026 hourly minimum = \$15.10/hour

### What About Those EAP Exemptions?

To be considered exempt from overtime, employees must be paid at least the minimum threshold AND have certain job duties.

These are known as EAP exemptions – Executive, Administrative, and Professional.

**Executive:** Manages a department or the business, directs at least two employees, and has authority over hiring or firing.


Ex: General Manager, Kitchen Manager, Construction Foreman

**Administrative:** Performs office or non-manual work tied to management and exercises independent judgment.

Ex: HR Manager, Payroll Specialist, Marketing Coordinator

**Professional:** Performs work requiring advanced knowledge in a field such as law, medicine, engineering, or education.

Ex: Accountant, Engineer, Teacher

 **Job titles alone don't determine exemption status—review duties and pay each year to ensure compliance.**

## Section 1: Breaking Ground

### Blended Overtime

For many businesses, especially in seasonal industries, overtime is often a necessity. Generally, overtime is calculated at 1.5 times the hourly rate of pay. However, for those employees that work multiple positions for your company at different pay rates, they must be paid blended overtime.

And just like regular overtime, blended overtime is a federal requirement. Don't forget, non-discretionary compensation, such as commissions, need to be included in blended overtime calculations.

#### Example:

Let's say Julie works for a restaurant and performs multiple jobs, each with a different rate of pay:

Job Code	Hours Worked	Rate of Pay	Differential
Cashier	25	\$20/hour	\$0
Hostess	15	\$22/hour	\$2
Cook	10	\$25/hour	\$5
Total	50		

Calculate gross wages from her base pay. Since Julie mainly works as a cashier, this is considered her base pay.  $50 \text{ hours} \times \$20/\text{hour} = \$1000$ .

Calculate the extra pay. This is also known as shift differential. Julie's differential is \$2 for hostessing and \$5 for cooking.  $(\$2 \times 15 \text{ hours}) + (\$5 \times 10 \text{ hours}) = \$80$ .

Add the two amounts together and calculate the blended rate:  $\$1000 + \$80 = \$1080$ . The total pay of \$1080 divided by 50 hours worked gives us the blended rate of pay of \$21.60

Calculate the blended overtime rate:  $\$21.60 \text{ per hour} \times 1.5 \text{ OT rate} = \$32.40 \text{ per hour}$ .

Finally, calculate Julie's pay:  $\$21.60 \text{ per hour} \times 40 \text{ hours} = \$864$ .  
 $\$32.40 \text{ per OT hour} \times 10 \text{ hours} = \$324$ .  $\$864 + \$324 = \$1188$ .

## IRS Contribution Limits

Each year, the IRS updates tax and benefit contribution limits. Be sure your payroll system and benefit providers are aligned with the new figures for 2026.

Age Range	401(k), 403(b) & 457(b)	SIMPLE IRA (<25 EE)	SIMPLE IRA (26-100 EE)
< 50 years old	\$24,500	\$18,100	\$17,000
50-59 years old	\$32,500	\$22,100	\$21,000
60-63 years old	\$35,750	\$23,350	\$22,250
64+ years old	\$32,500	\$22,100	\$21,000

401(k) Catch-Up Contributions Must be on a Roth Basis for Those Earning More Than	\$145,000
Traditional/Roth IRA Contribution	\$7,500
Traditional/Roth IRA Catch-Up (50+)	\$1,100
415(c) Annual Addition Limit- Defined Contribution Dollar Limit	\$72,000
401(a)(17) Annual Compensation Limit	\$360,000

## Section 1: Breaking Ground



The first major payroll deadline of the year is [January 31st](#).

Payroll taxes from Q4 of the previous year are due by January 31st.

### W-2 & 1099 Contractors

Employee Forms W-2 and Contractor Forms 1099-NEC must be distributed by [January 31st](#).

Employers must also file both forms with the Social Security Administration (SSA) and the IRS by January 31.

Maine employers who pay contractors within the state should also file 1099s with Maine Revenue Services.

### [What's the Difference?](#)

Category	W-2 Employee	1099 Independent Contractor
Employment Relationship	Works directly for the company under its supervision and direction.	Self-employed; provides services under a contract or agreement.
Control & Schedule	Employer controls when, where, and how work is done.	Contractor decides how and when to complete work.
Taxes	Employer withholds and pays all appropriate taxes.	Contractor handles their own income and self-employment taxes.
Forms Issued	Form W-2 provided annually by 1/31.	Form 1099-NEC issued annually by 1/31.
Benefits	Eligible for company benefits.	Responsible for securing their own benefits.
Tools & Equipment	Typically provided by the employer.	Provides and maintains their own tools or resources.



# SECTION 2: GROWTH SEASON

Q2: April – June

As Maine thaws out and many businesses ramp up for the busy season, spring is the time to focus on growth – hiring, onboarding, and ensuring your payroll and compliance processes are running smoothly. This quarter brings key filing deadlines, new employee benefit updates, and plenty of opportunities to prepare your team for the months ahead.

## 1 Payroll Taxes



The first quarter payroll taxes are due [April 30th](#). This deadline covers wages and taxes from January through March (Q1).



Once your business hires its first employee, you take on new responsibilities – including collecting and paying payroll taxes. These taxes fund programs like Social Security, Medicare, unemployment benefits, and, in Maine, the new Paid Family and Medical Leave program.

### Employer vs. Employee Responsibilities

When processing payroll, there are two parts to payroll taxes:

#### Employee Withholding

Employers must deduct and withhold from each employee:

- Federal and state income taxes (based on the employee's W-4 and W-4ME elections).
- The employee share of FICA Taxes: Social Security (6.2% up to the taxable wage base) and Medicare (1.45% on all wages).
- An additional 0.9% Medicare tax on wages over \$200,000.
- Any other state or local taxes, such as Maine's PFML contribution

Employer Withholding

Employers must pay their share of taxes on each employee:

- Social Security (6.2%) and Medicare (1.45%).
- Federal Unemployment Tax (0.6% on first \$7,000 in wages).
- Maine Unemployment Tax (based on your employer rate x first \$12,000 in wages).
- Maine PFML employer contributions (if applicable).

Payroll Tax Reference Chart

Tax Type	Who Pays It	Rate (2026)	Where It's Reported/Paid
Federal Income Tax	Employee	Varies by W-4	Reported on Form 941
State Income Tax	Employee	5.8%-7.15%	Maine Revenue Services
Social Security (FICA)	Employer & Employee	6.2% each (12.4% total) on wages up to \$184,500	Form 941
Medicare (FICA)	Employer & Employee	1.45% each (2.9% total)	Form 941
Additional Medicare Tax	Employee only	0.9% on wages > \$200,000	Form 941
Federal Unemployment (FUTA)	Employer	0.6% on first \$7,000	Form 940
Maine Unemployment (SUTA)	Employer	Employer rate x first \$12,000	Maine DOL
Maine PFML Contribution	Employee (all) & Employer (15+ employees)	0.5% each (1.0% total)	Maine DOL
Local Taxes	Varies	N/A	Varies by locality

### 2 Hiring and Onboarding Employees

Hiring season ramps up quickly in Maine, and smooth, compliant process helps set your new employees—and your business—up for success.

#### Recruiting & Interviewing Compliance Essentials

When hiring in Maine, businesses must follow state and federal anti-discrimination laws. This means you cannot make hiring decisions based on:

- \* Race
- \* Gender
- \* Age
- \* Religion
- \* Sexual Orientation
- \* Disabilities

#### Pay Equity Law

The Equal Pay Act requires equal wages for equal work. Review pay structures for fairness before extending offers.

#### Ban-The-Box in Maine

You may not ask about criminal history on the job application. However—you may ask during an interview or later in the hiring process.

#### New Hire Paperwork

For each employee, you must collect certain documentation including:

- \* Form I-9
- \* Form W-4
- \* Form W-4ME
- \* Emergency Contact Info
- \* Signed Job Description
- \* Direct Deposit Authorization Form (best practice)
- \* Employee Handbook Acknowledgment (best practice)

### More About Form I-9

The purpose of Form I-9 is to verify the identity and eligibility of potential employees to work in the U.S.

- ✓ Employee must complete Section 1 on/before day 1.
- ✓ Employer must complete Section 2 within 3 business days.
- ✓ Acceptable documents include:
  - List A: One document proving identity and work authorization.
- OR
- List B + List C: One document from each list
- ✓ Keep copies of supporting documents (optional but recommended).
- ✓ Applies to ALL employees: full-time, part-time, seasonal, exempt, non-exempt.
- ✓ Reverification of the I-9 is required for employees with temporary work authorization—before their documents expire.

### Onboarding Best Practices

Onboarding is more than paperwork. A strong process improves retention and compliance.

- ✓ Give every new hire your handbook on day one and collect a signed acknowledgment for your records.
- ✓ Walk new employees through their job responsibilities, systems, safety procedures, and performance expectations.
- ✓ Set up regular check-ins so managers can support new hires during their first weeks.
- ✓ Make sure new hires have the tools, equipment, and system access they need to do their jobs.

### Employee Recordkeeping Requirements

Employers must maintain accurate, confidential personal and payroll records.

#### **Personnel File:**

Maine employers must maintain a personnel file for each employee and keep it for at least three years after the employee's termination. This file generally includes documents such as the employee's application or resume, offer letters, performance evaluations, disciplinary records, and signed handbook acknowledgments.

#### **Payroll & Wage File**

Employers are also required under both FLSA and Maine law to maintain accurate payroll and wage records. These records must include the employee's full name, Social Security number, address, occupation, hours worked each day and each week, regular and overtime earnings, all wage deductions, total wages paid each pay period, and the dates that each payment covers. Payroll and wage records must be retained for a minimum of three years.

### Trainings - Required or Recommended

#### **Required in Maine: Sexual Harassment Prevention**

Sexual harassment training applies to employers with 15+ employees in Maine. This training must be given to new hires within 1 year, and a refresher must be given to all employees every 2 years.

#### **Industry-Specific Safety Training**

Certain industries have their required trainings as well. For example: Construction workers on public works sites must complete approved safety programs.

#### **Recommended Trainings**

In addition to required trainings, employers may choose to offer additional programs that support a respectful, informed, and safe workplace. Recommended topics include anti-discrimination and diversity awareness, employee rights and responsibilities, minimum wage and overtime rules, state and federal leave laws, and general workplace safety practices.

### 3 Remote Employee Compliance

As your workforce continues to grow, the chances of hiring remotely grow as well. However, from both the employee and employer standpoint, working remotely can bring additional compliance challenges, especially if those employees are in a different state than the state that the business operates.

- ✓ Most importantly, you'll need to set up payroll tax accounts in the new state in which the employee physically works. This is the state in which you will need to use for things such as:
  - state income tax withholding
  - unemployment tax contributions
  - minimum wage laws
  - state workers compensation insurance
  - paid family leave
  - any other specific state or local tax laws
- ✓ Review the new state's new hire paperwork requirements and update the forms your business uses if necessary. Report new hires to the state within the state's specific requirements.
- ✓ Provide the employee with any required employment law posters for the new state the employee is living and working in.
- ✓ Notify your workers' compensation carrier and, if you offer it, your health insurance carrier that you have an employee working in a different state.
- ✓ Update your employee handbook with any new state laws that apply and provide the updated handbook to the employee.

💡 **Taxes are owed where the employee works—not where the business is located.**

### Traveling Employees & Multi-State Tax Requirements

Not all multi-state issues come from remote workers—many arise when employees travel across state lines for short-term projects, trainings, client meetings, or seasonal work. Even if these workers live and are based in one state, their time spent working in another can trigger tax obligations for both the employee and the employer.

When an employee performs work in another state, that state may require income tax withholding once the employee exceeds a certain number of days, amount of earnings, or both. Employers must understand when these thresholds apply to ensure the correct state taxes are being withheld.

- ✓ About half of the states require employees to pay income tax to the state starting on the first day that nonresident employees travel to that state. These states include:
- ✓ Many states begin requiring nonresident employers to withhold income tax once an employee exceeds their threshold. Maine is one of them.

#### Maine's Rules

For employees traveling into Maine from another state:

- ✓ A Maine nonresident must file a state tax return if they work in Maine for more than 12 days.

### AND

- ✓ Earn more than \$3,000 in Maine-sourced income.

This means Maine employers with out-of-state staff—or out-of-state employers sending workers into Maine—may need to withhold Maine income tax once these criteria are met.



### 4 Employee Benefits

Employee benefits play a major role in attracting and retaining talent. While some benefits are legally required, many others are optional but highly valued by employees. When designing a benefits package, employers should balance compliance, company resources, and employee needs.

#### Paid Time Off

However, Maine's Earned Paid Leave (EPL) law does require most employers to allow employees to accrue paid leave and use it for any reason. More details on EPL can be found on page 11.

#### Insurance Benefits

Offering health insurance is optional for smaller employers, but it remains one of the most effective tools for hiring and retaining staff.

Employers with 50 or more full-time equivalents must offer affordable, minimum-value health coverage to at least 95% of full-time employees and their dependents (ACA requirement).

#### Retirement Benefits

There is no federal requirement for employers to offer retirement plans.

##### However:

- The Employee Retirement Income Security Act (ERISA) sets minimum standards for employers who do choose to offer retirement plans.
- Maine does require certain employers to either sponsor their own retirement plan or enroll eligible employees into the state-run Roth IRA program. More details appear on page 10.

### Communicating Benefits Clearly

Employees should receive benefits information that is easy to understand and compliant with federal and state regulations.

Employers must provide:

- Summary Plan Descriptions (SPDs)
- Annual notices
- Other required disclosures related to rights, eligibility, and enrollment

It's helpful to compare your offerings to industry benchmarks and consider employee demographics, retention goals, and budget when evaluating your benefits package.

### What About Benefits Compliance Documentation?

Several benefit-related plans and tax advantages require specific documents to stay compliant:

- + If employees pay their share of health insurance premiums pre-tax, employers must maintain a formal Section 125 Plan Document.
- + Employers offering group health plans must have an ERISA Wrap Summary Plan Description, which supplements the carrier's Certificate of Insurance. Together, these make up a complete SPD.
- + To offer an HRA, employers must establish a written HRA Plan Document outlining eligibility, reimbursements, and administration rules.
- + Employers offering FSAs must maintain documentation related to plan administration, employee contributions, claims and reimbursements, and IRS compliance.

# SECTION 3: PEAK SEASON

Q3: July–September

As summer arrives in Maine, many businesses enter their busiest and most demanding months. Seasonal hiring, longer hours, and heavier customer traffic bring new compliance responsibilities – especially for hospitality, tourism, and retail employers. Peak Season is the time to focus on managing a larger workforce, staying ahead of wage and hour rules, and ensuring your operations remain safe and compliant.



Second quarter payroll taxes are due [July 31st](#). This covers wages and taxes from April through June (Q3).

1

## Seasonal Business Compliance

A majority of Maine businesses—especially in hospitality, tourism, recreation, and retail—hire seasonal employees. Even though seasonal employees may only work a few months, they are still covered by most federal and state employment laws.

### Key Rules to Keep in Mind



Seasonal employees are W-2 employees, not 1099 contractors.



Seasonal status does not exempt you from:

- Minimum wage laws
- Overtime requirements
- Child labor laws
- Payroll tax withholding
- Recordkeeping obligations



Seasonal employees count toward your headcount for many laws, including PFML (if working more than 20 weeks), ADA, FMLA, and ACA.

## Section 3: Peak Season

▶▶ Maine laws continue to apply to seasonal workers, including:

- Earned Paid Leave (EPL) – accrual applies unless your business qualifies for the seasonal exemption - extremely rare, check with the state to be sure.
- PFML contributions begin on the first day of employment.
- Required meal and rest breaks.

### Rehire and Return-Season Procedures

Many seasonal businesses bring back the same workers year after year. Even if an employee is returning:

▶▶ I-9 forms may be reused only if:

- The original I-9 is less than 3 years old, and
- The employee is still authorized to work.
- Otherwise, a new I-9 must be completed.

▶▶ Forms W-4 and W-4ME forms must be updated if the employee's tax elections have changed.

▶▶ A new handbook acknowledgment should be signed each season, especially if policies have been updated.

▶▶ Provide any new legal notices required for the year (EPL, PFML, wage notices, etc.)

#### 💡 Recordkeeping Reminder

**Even for short-term workers, employers must maintain complete and accurate payroll and personnel records for at least three years, including hours worked, pay rates, deductions, and tax forms.**



## 2 Managing Tipped Employees

Tipped workers play a critical role in Maine's hospitality industry, and employers must understand the rules that govern tip credits, reporting, and overtime requirements.

### What is the FICA Tip Credit?

The federal tip credit allows employers that have tipped workers to pay a much lower percent, 50% in Maine (or \$7.55 in 2026), of the minimum wage in direct wages to their tipped employees.

Employers must prove that the employee makes at least minimum wage when direct wages and tips are combined at the end of the week. Under the federal tip credit, employers are also allowed a credit against the tips earned by the employee to make up the balance of the minimum wage.

Additionally, businesses with tipped employees that earn over \$20 in tips in a month must pay taxes on the tips that those employees receive. As with all other income, employers are responsible for withholding the portion of FICA taxes on tipped income. The FICA Tip Credit allows employers to claim a credit against its' business taxes for FICA taxes paid on said tipped income.

The Tip Credit may only be taken when tipped employees perform labor that is part of their tipped occupation or doing tasks that "directly support" tip-producing work. Simply, employees **MUST** be doing service or tipped related work for an employer to use the credit.



### Wait, I Thought There Was No Tax on Tips or OT?

There's been a lot of buzz about the "no tax on tips and overtime" provisions in the One Big Beautiful Bill, but many employers are surprised to learn that these rules don't eliminate withholding at the payroll level.



Instead, eligible employees will receive new federal income tax credits on their tax returns, not through payroll. That means employers must continue withholding taxes exactly as they do today—unless the IRS releases updated guidance.

#### What Employers Need to Know

- ✓ Employees may claim credits at tax time for:
  - Up to \$12,500 in overtime pay
  - Up to \$25,000 in reported tips
  - Limits double for married couples filing jointly
- ✓ Credits only apply to employees earning less than \$150,000 per year.
- ✓ Employers must track qualified tips and overtime separately in payroll.
- ✓ New W-2 reporting codes are:
  - Box 12, Code TT: This new code will be used by employers to report the total amount of "qualified overtime" compensation paid to the employee.
  - Box 12, Code TP: This new code will be used by employers to report the total amount of "qualified tips" received by the employee.
  - Box 14 or 14a: A new box/code in this area may be used for the Treasury Tipped Occupation Code, which specifies the employee's eligible occupation.
- ✓ Service charges are not considered tips and do not qualify.

### So, What About Tip Pooling?

Tip pooling can occur for all restaurant staff, including those who do not normally receive tips (cooks, dishwashers, etc), only if all members of staff are paid at least the full minimum wage. Employers can not use the tip credit in this case.

 **Employers, managers, and supervisors are also not eligible to participate in the tip pooling.** 

Employers, managers, and supervisors are only allowed to retain the tips that they “solely and directly” earned by performing tipped related work.

According to the DOL, a manager or supervisor is considered anyone:

- 1** whose primary duty is the management of the entire enterprise, a subdivision, or a department.
- 2** who regularly directs the work of at least two other employees.
- 3** who has the right to hire or fire other employees.

### Do Tipped Employees Receive Overtime Pay?

Yes, tipped employees must be paid overtime for any hours worked over 40 in any given 7 day period. The federal tip credit may also be used when tipped employees enter overtime.

For Example:

Maine 2026 Minimum Wage = \$15.10 per hour

Tipped Wage = \$7.55 per hour

Overtime wage:  $\$15.10 \times 1.5 = \$22.65$

Less Tip Credit (minimum wage – tipped wage) = \$7.55

$\$22.65 - \$7.55 = \$15.10$  per overtime hour for tipped employees.



## Does That Mean They Must be Paid Blended OT, Too?

Yes – if an employee works at multiple rates in the same workweek, you must calculate blended (or weighted) overtime under federal law. This includes tipped employees. Maine’s overtime calculations for tipped staff must be based on full minimum wage, not the reduced tipped wage, which often makes blended OT especially important during the summer season.

### For Example:

- ✓ 31 hours on the bar at \$10.00 per hour
- ✓ 6 overtime hours on the bar at \$10.00 per hour
- ✓ 9 hours working a private event at \$7.55 per hour
- ✓ Received \$900 in service charges

1 First, we must calculate straight time:

	Hours Worked	Rate of Pay	Minimum Wage for Blended Calculation	Straight Time Wages
Bar Hours	31	\$10.00/hour	\$15.10/hour	31 hours x \$15.10/hour = \$468.10
Bar Overtime Hours	6	\$10.00/hour	\$15.10/hour	6 hours x \$15.10/hour = \$90.60
Event Hours	9	\$7.08/hour	\$15.10/hour	9 hours x \$15.10/hour = \$135.90
Service Charge				\$900.00
Totals	46			\$1594.60

## Section 3: Peak Season

2

Next, calculate the overtime premium at half-time. With tipped employees, we use the minimum wage to determine the straight time and overtime premium, but then convert back to the original hourly rate to calculate gross pay.

Total Hours	Calculation	Amount to be Paid to Employee in Check
46	$\$1594.60 \text{ straight time} / 46 \text{ hours} = \$34.67 \text{ blended hourly rate}$	
	$\$34.67 \text{ blended rate} \times 0.5 = \$17.34 \text{ overtime premium rate}$	
31 Bar	31 Bar Hours x \$10.00 per hour	\$310.00
9 Event	9 Event Hours x \$7.55 per hour	\$67.95
6 Bar OT	6 overtime hours x Fully loaded overtime rate \$27.34 (\$17.34 premium rate + \$10 hourly bar rate)	\$164.04
	Service Charges to be paid	\$900.00
	Total Gross Pay to Employee:	\$1441.99

### Why This Matters

Blended overtime rules protect employees from being underpaid when they work multiple roles. With tipped workers frequently changing stations, duties, and rates, blended OT is something hospitality employers should monitor closely.

### 3 Foreign Worker Compliance

Many Maine employers rely on foreign workers to support their seasonal operations. These programs can ease staffing shortages during Peak Season, but they also bring strict federal compliance requirements. Understanding the rules around visa types, payroll, taxes, and documentation is essential for staying compliant and avoiding penalties.

#### Common Visa Types for Seasonal Businesses

Several visa programs allow foreign nationals to work temporarily in the United States, but the two most common for Maine's seasonal employers are:

- H-2B visas – for temporary, non-agricultural seasonal labor
- J-1 visas – for cultural exchange, training, and work-and-travel programs

Each program has its own wage rules, documentation requirements, payroll tax obligations, and limits on job duties.

#### H-2B Visa Program (Seasonal Non-Agricultural Workers)

The H-2B program is designed for employers who need temporary labor in roles such as hospitality, landscaping, seafood processing, amusement, or construction support.

#### **Key Requirements**

- + Must be paid at least the federal, state, or prevailing wage –whichever is highest.
- + Jobs must be full-time seasonal roles of at least 35 hours per week.
- + The position must be temporary or seasonal; the worker cannot seek long-term immigration status.
- + Employers must keep accurate records of hours offered, hours worked, and all wages.

## Section 3: Peak Season

- + Employers must advance, pay directly, or reimburse visa fees, border crossing fees, and other related expenses during the first workweek.

### Payroll & Tax Rules

- + H-2B workers pay the same taxes as U.S. workers, including federal income tax and FICA.
- + Employers must collect a Form I-9, Form W-4, and provide a W-2 at year end (not 1099).
- + Employers must retain all payroll, recruitment, and application documents for three years.

### Time Limits

- + Maximum stay for H-2B visa is 3 years (usually in seasonal increments).
- + Workers must leave the U.S. for a designated period before reapplying for a visa.

### J-1 Visa Program (Exchange Visitor / Work & Travel)

The J-1 program is not a general seasonal program, but many Maine employers use it for students participating in Work & Travel, internships, and cultural exchange programs. J-1 workers must have pre-arranged employment and training relevant to their program—not simply general seasonal work.

### Key Requirements

- + Employers must create a Training/Internship Placement Plan (Form DS-7002).
- + Workers must be scheduled for at least 32 hours per week.
- + Any change in pay, training, duties, or supervision must be reported to the sponsor organization.
- + Maximum stay for Summer Work & Travel participants is 4 months.

### Payroll & Tax Rules

- + J-1 workers must be paid at least the federal or state minimum wage, whichever is greater.
- + J-1 workers may choose to have federal and state income tax withheld (they will owe taxes when filing, unless exempt by treaty).
- + J-1 workers do NOT pay FICA taxes (Social Security tax or Medicare tax).
- + Employers do NOT pay Federal unemployment (FUTA) or State unemployment (SUTA).
- + Employers must collect Form I-9, Form W-4, and provide W-2s at year-end.

### Documentation & Recordkeeping for Foreign Workers

Across all visa types, employers must maintain complete and accurate files, including:

- Copies of passports, visas, I-94s
- Job offers and employment contracts
- Payroll records and timesheets
- Recruitment documentation
- Training plans (for J-1)
- Proof of reimbursed expenses (for H-2B)

Records must typically be kept for three years.

### Compliance Challenges to Watch For

- Paying wages below required rates
- Failing to reimburse visa or transportation fees

## Section 3: Peak Season

- Using J-1 participants for general seasonal labor without a training plan
- Not reporting program changes to sponsors
- Improper tax withholdings
- Letting documents expire without reverification (I-9 Section 3)

### Quick Comparison: H-2B vs. J-1

Requirement	H-2B Visa	J-1 Visa (Work & Travel)
Allowed Work	Seasonal, non-agricultural	Cultural exchange; must align with training
Hours	35+ hours/week	32+ hours/week
Taxes Withheld	Income tax + FICA	Income tax only (no FICA)
Employer Taxes	FICA and FUTA + SUTA apply	No FICA/FUTA/SUTA
Training Plan Required	No	Yes (DS-7002)
Expense Reimbursement	Required	Not required
Max Length	Up to 3 years	Up to 4 months
Sponsor Notifications	No	Yes (changes must be reported)

### 4 Child Labor Laws

Summer brings an influx of teen workers across Maine, especially in hospitality and tourism. To stay compliant, employers must understand the state's strict rules around work permits, hour restrictions, and the types of tasks minors can perform.

#### What Are Child Labor Laws?

Child labor laws set age requirements, restrict work hours, and prohibit minors from performing hazardous tasks. They are enforced by:

- Federal law: The Fair Labor Standards Act (FLSA)
- State law: Maine's stricter child labor regulations

Together, these laws ensure minors get safe work experience without compromising their education or well-being.

#### Workers Age 14–15

##### Work Permits

- ✓ Required for all minors under 16.
- ✓ A new permit is required for each job until age 16.
- ✓ Employers must keep an approved, stamped permit on file before work begins.

##### Where They Can Work

- ✓ Nonhazardous jobs in restaurants, camps, stores, laundromats, and filling stations.
- ✓ Age 15 can work in hotel dining rooms, kitchens, lobbies, and offices (but not room service or deliveries).
- ✓ Outdoor work on hotel or motel grounds (no overnight stays).

### Working Hours

- ✓ 7 a.m.–7 p.m. during the school year.
- ✓ 7 a.m.–9 p.m. during summer vacation.
- ✓ Maximum of 3 hours per school day (including Friday).
- ✓ Maximum of 18 hours per school week.
- ✓ No more than 40 hours during vacation weeks.
- ✓ No more than 8 hours on non-school days.
- ✓ No more than 6 days in a row.

### Workers Age 16–17

### Where They Can Work

- ✓ Nonhazardous jobs in manufacturing, bakeries, laundries, dry cleaners, garages.
- ✓ Hotels, motels, amusement and recreation sites.
- ✓ All industries permitted for 14–15-year-olds.

### Working Hours (Federal law has no restrictions, Maine does)

- ✓ Cannot work before 7 a.m. on school days.
- ✓ Cannot work before 5 a.m. on nonschool days.
- ✓ Can only work until 10:15 p.m. before a school day.



## Section 3: Peak Season


- ✓ Can only work until midnight when there is no school the next day.
- ✓ No more than 6 hours on a school day.
- ✓ No more 8 hours on the last school day of the week.
- ✓ No more than 10 hours on non-school days.
- ✓ Maximum of 24 hours per week when school is in session for 3+ days.
- ✓ Maximum of 50 hours per week during weeks with fewer than 3 school days.
- ✓ No more than 6 days in a row.

### Penalties for Non-Compliance

Violations can lead to:

- Significant fines from Maine DOL
- Penalties of up to \$15,000 per violation under updated federal rules
- Increased enforcement, with child labor violations up 88% since 2019

Each mistake—each shift, each minor, each misstep—can trigger separate fines.

 **Create a youth-worker compliance checklist before summer hiring begins. Verifying ages, permits, schedules, and job duties upfront is the easiest way to prevent violations.**

# SECTION 4:

# THE FINAL HARVEST

Q4: October – December

As the busy season winds down and Maine settles into colder months, Q4 becomes a time for gathering what you've built throughout the year and preparing your business for what comes next. This is when employers wrap up payroll and HR tasks, review policies, update systems, and make sure they're ready for new laws and wage changes taking effect on January



Third quarter taxes are due [October 31st](#). This covers wages and taxes from July through September (Q3).

## 1 Open Enrollment Season

For many employers, fall marks the start of open enrollment—the annual window when employees can review and update their benefits for the upcoming plan year. This is one of the most important HR processes of Q4, and it sets the tone for employee satisfaction, budgeting, and compliance heading into the new year.

### What to Review Before Open Enrollment Begins

Before communicating with employees, take time to evaluate your current benefit offerings and any required updates:

- \* Plan renewals and premium changes: Review carrier renewals, cost increases, and coverage adjustments.
- \* Eligibility rules and waiting periods: Ensure they match your handbook, carrier documents, and ACA rules.
- \* Section 125 / Cafeteria Plan updates: Plans must reflect any changes in benefits, contributions, or dependent care FSA limits (which increased under recent federal legislation).
- \* ERISA Wrap Documents & SPDs: Confirm they are current and will be distributed properly.

### Required Notices & Compliance Documents

During open enrollment, employers must distribute certain federal and state notices, including:

- \* Summary of Benefits & Coverage (SBC)
- \* ERISA Summary Plan Descriptions (SPDs) or Wrap SPDs
- \* Marketplace Notice
- \* Medicare Part D Notice (by October 15)
- \* HIPAA Special Enrollment Rights notice
- \* COBRA General Notice for newly eligible employees

If you update your Section 125 plan or dependent care FSA limits, ensure documentation is revised and filed.

### After Enrollment: Final Steps for Employers

Once the enrollment window closes:

- \* Submit final selections to carriers.
- \* Confirm deductions are set up correctly in payroll.
- \* Audit your enrollment roster for accuracy.
- \* Update your Section 125 plan (if needed).
- \* Provide employees with confirmation of elections.

A clean close-out prevents billing issues, coverage gaps, and retroactive adjustments in the new year.

### 2 Performance Reviews

As the year winds down, Q4 becomes a natural time for employers to evaluate performance, check in with employees, and set the stage for growth in the coming year. A strong performance review process not only supports employee development—it also protects your business.

#### What to Cover in Your Performance Review Process

##### Conduct Fair, Objective, & Legally Compliant Evaluations

Performance evaluations must be free from bias and based only on job-related criteria.

Employers should:

- Use neutral, measurable performance indicators.
- Apply the same evaluation standards consistently across similar roles.
- Avoid subjective or personality-based feedback.
- Train managers on nondiscrimination laws and objective evaluation techniques.

Compliance Note: Evaluations must not be influenced by protected characteristics under laws such as Title VII, ADA, ADEA, and Maine Human Rights Act.

##### Review Position Expectations & Align Goals

Employees perform best when expectations are clear. Before the review:

- Revisit job descriptions and ensure they reflect actual duties.
- Set or update SMART goals (Specific, Measurable, Achievable, Relevant, Time-Bound).
- Document expectations and provide employees copies.

Clear documentation helps drive performance—and protects the employer if disputes arise.

## Section 4: The Final Harvest

### Deliver Balanced, Actionable Feedback

Feedback should help employees grow while also creating a defensible record.

Best practices:

- Focus on behaviors and outcomes, not personality traits
- Provide specific examples for both strengths and improvements
- Document the conversation, including employee responses
- Offer resources such as training, mentorship, or job aids

Balanced feedback increases engagement and reduces legal exposure.

### Use Improvement Plans When Needed

If performance needs to improve, create a plan that is structured and supportive.

An effective plan includes:

- Clear expectations tied to job duties.
- A realistic timeline with checkpoints.
- Actions the employee and employer will each take.
- Documentation of all follow-ups.

Compliance Note: Under the ADA, employers must consider whether performance issues may require reasonable accommodations.

### Maintain Confidentiality and Proper Recordkeeping

Performance documentation is sensitive and must be handled carefully.

Keep:

- Evaluations.
- Notes from coaching or disciplinary conversations.
- Improvement plans and progress updates.
- Acknowledgments.

Maine Requirement: Maintain performance-related records for at least 3 years, stored securely and separately from medical files.

### 3 Payroll & HR Year End

Year-end isn't just about wrapping up financials—it's about verifying data, catching errors before they become costly, preparing required tax forms, and setting the foundation for a clean start on January 1.

#### Before Your Final Payroll of the Year

##### Verify Employer & Employee Information

Start with the basics—incorrect data is the #1 cause of W-2 errors.

Confirm:

- Legal business name, tax IDs, and mailing address.
- Employee names, addresses, Social Security numbers, and dates of birth.
- Whether each employee should be marked as active in a retirement plan.
- Whether any employees are incorrectly coded as exempt/non-exempt.

##### Review Wages, Taxes & Benefits

Check year-to-date accuracy while corrections are still possible.

Review:

- Retirement plan contribution limits (401(k), SIMPLE IRA, 403(b), 457).
- Health, HSA, and FSA deductions.
- Group-term life insurance imputed income.
- Third-party sick pay.
- Personal use of company vehicle.
- Taxable fringe benefits (gift cards, bonuses, gym stipends, etc.).
- Earned Paid Leave balances or PTO payouts.

## Section 4: The Final Harvest

### Update Special Wage & Tax Items

Year-end is the time to confirm:

- State unemployment insurance (SUI) rates for the coming year.
- New tax limits for FICA, retirement plans, HSAs, FSAs.
- Whether employees have hit annual wage caps (e.g., Social Security).
- Whether tip allocations or reported tips need correction.

### Review Paid Leave, PFML & PTO Policies

As Maine laws evolve, ensure policies fully reflect:

- Maine Earned Paid Leave requirements.
- Any new carryover rules.
- PFML contribution requirements.
- Whether PTO plans need updating to remain compliant.

### Plan for Bonuses and Fringe Benefits

If issuing holiday bonuses, year-end stipends, or gifts:

- Decide whether bonuses will be taxed at supplemental rates.
- Track any non-cash items that must be added to taxable wages.
- Ensure company holiday gifts follow IRS fringe benefit rules.

### After Your Final Payroll of the Year (But Before First Payroll of the New Year)

### Review Year-End Reports

Compare:

- W-2 vs. payroll register totals.
- Federal/state wages vs. tax deposits
- Year-to-date retirement contributions vs. plan limits.
- Leave balances and PTO carryovers.

Look for:

- Negative wages.
- Misapplied deductions.
- Employees missing taxable adjustments.

## Section 4: The Final Harvest

### Finalize W-2 and 1099 Information

As you finalize W-2 and 1099 information, be ready for common employee questions like, “**Why doesn’t my W-2 match my last pay stub?**”

Remind employees that pay stubs show gross wages, while W-2s show taxable wages after pre-tax deductions such as 401(k), health insurance, and FSA/HSA contributions are taken out.

Behind the scenes, make sure you’ve also captured all required taxable items, including imputed life insurance, employer-paid disability premiums, non-cash fringe benefits (like gift cards), taxable reimbursements, and any tip income that must be reported.

### Prepare for January Updates

January brings several mandatory changes including:

- New Maine minimum wage.
- New Maine exempt salary threshold.
- Updated federal IRS contribution limits.
- New state unemployment insurance rates.
- Updated HSA/FSA contribution limits.
- Leave carryovers (EPL or PTO) applied.

Start the year clean by updating:

- Pay rates.
- Deduction amounts.
- Benefit premiums.
- Direct deposit changes.
- Pay schedules and holiday calendars.





# TOP 10 MAINE EMPLOYER MUST-DOS EACH YEAR

Your quick-reference guide to the essential tasks every Maine employer should review each year to stay compliant and confidently run their business.

- ☐ Update minimum wage, exempt salary thresholds, and pay rates each January.
- ☐ Review and refresh your employee handbook to reflect policy and law changes.
- ☐ Audit your payroll setup—employee classifications, overtime rules, tipped compliance, and tax accounts.
- ☐ Confirm compliance with new or updated Maine laws, including Earned Paid Leave, PFML, Report-to-Work.
- ☐ Reverify remote and multi-state workers, and ensure tax withholding aligns with where employees work.
- ☐ Review benefits, update open enrollment notices, and ensure Section 125 and plan documents are current.
- ☐ Conduct required trainings, such as sexual harassment prevention (15+ employees), safety training, and role-specific compliance training.
- ☐ Update labor law posters at every physical location and provide digital access for remote workers.
- ☐ Audit personnel and payroll records for accuracy, retention compliance, and proper documentation.
- ☐ Complete year-end tasks, including verifying W-2 data, recording fringe benefits, and updating PTO/EPL carryover balances.

# HOW PAPER TRAILS HELPS

Navigating Maine's payroll and HR landscape doesn't have to feel overwhelming. Paper Trails gives you a trusted local partner who understands the laws, the nuances, and the day-to-day challenges Maine employers face. Whether you're hiring your first employee or managing a large, multi-site operation, our team combines compliance expertise with personal, relationship-driven service to help you stay organized, efficient, and confident year-round.

## Here's How We Support Maine Employers

### **Integrated Payroll & HR Technology**

A full hire-to-retain platform powered by iSolved, including onboarding, time & attendance, benefits, performance, learning, and more—centralized in one place.

### **Local Experts Who Know Maine Law**

Our team lives and works here. We stay on top of every state and federal law so you don't have to, and we translate legal changes into plain-English action steps.

### **Dedicated, Person-First Support**

No 800 numbers, no endless ticket queues. You get a consistent team who knows your business and answers the phone when you call.

### **Compliance Guidance & HR Consulting**

Support for handbooks, policies, job descriptions, hiring practices, terminations, PFML, EPL, wage & hour rules, and more—tailored to small and growing businesses.

### **Educational Resources That Keep You Ahead**

Blogs, webinars, e-guides, checklists, and alerts that help you stay compliant, informed, and confident in your decisions.

### **Integrations That Make Your Life Easier**

Connections to accounting platforms, timekeeping tools, retirement plans, workers comp carriers, and other business systems to reduce manual work and errors.

# CONTACT US



Have a question or need support? Our team is [here to help](#)—reach out anytime. We'll make sure you get the answers and guidance you need.



207.721.8575



[papertrails.com](http://papertrails.com)



10 Main Street, 2nd Floor  
Kennebunk, ME 04043

1 Bowdoin Mill Island, Suite 302  
Topsham, ME 04086



# PaperTrails

