



2020 FORM REW-5

REQUEST FOR EXEMPTION OR REDUCTION IN WITHHOLDING OF MAINE INCOME TAX ON THE DISPOSITION OF MAINE REAL PROPERTY

MAINE REVENUE SERVICES
INCOME/ESTATE TAX DIVISION - REW
Tel. 207-626-8473 Fax 207-624-5062
Email: realestate.withholding@maine.gov
If possible, submit via email or fax.
P.O. Box 1060
Augusta, ME 04332-1060

**NOTE: MRS may request additional documentation prior to authorizing an exemption or reduction in real estate tax withholding.
This form must be submitted no fewer than 5 business days prior to closing. If mailed, please allow an additional 2-3 weeks for processing.**

Seller(s) name(s): _____

Mailing address: _____

SSN(s) or Fed EIN(s): _____ Daytime Phone Number: _____

Seller's email address : _____

1. Buyer(s) name(s): _____

2. Property for sale: MAP: _____ BLOCK: _____ LOT: _____ SUB-LOT: _____

Physical address: _____ Municipality/Township: _____

3. Closing date of current pending sale: _____

4. Total sales price of current pending sale: \$ _____ Seller's percentage of ownership: _____ %

5. Date property acquired by seller: _____

6. If rental/commercial use during ownership, length of time: Years: _____ Months: _____

Provide allowed or allowable accumulated depreciation. \$ _____

7. Method of acquisition/Proof of purchase price: Amount: \$ _____

☐ Purchase (See instructions).

☐ Inherited (See instructions).

Decedent's name: _____, SSN: _____, Date of death: _____

☐ Gift or other (See instructions).

8. How will this sale of real property be reported federally? (See instructions.) _____

9. Capital improvements (See instructions): _____

10. Seller's allowable original closing costs (See instructions): \$ _____

11. Seller's allowable current closing costs (See instructions): \$ _____

Call 207-626-8473 or email realestate.withholding@maine.gov for assistance in completing this form.

Under penalties of perjury, I declare that I have examined this application and attached schedules and statements, and to the best of my knowledge and belief they are true, correct and complete. If you are signing on behalf of the seller(s), you must provide a written power of attorney authorization with this request. (To assign a personal representative, complete the Representative Information and Power of Attorney on page 2.)

Signed: _____ Date: _____

Print name: _____

Title (if seller is not signing this form): _____

This request for a withholding rate reduction or exemption is submitted in accordance with 36 M.R.S. §§ 5250-A(3)(B) & (4), which authorizes the State Tax Assessor to issue a certificate of no tax due or reduction in the amount of tax to be withheld. **The rate of withholding is 2.5% of the total consideration or, at the request of the seller, the State Tax Assessor may authorize a reduced amount of withholding equal to the gain multiplied by 7.15% for individuals, 8.93% for a C corporation, in calendar year 2020.**

Representative Information (*complete only if you want someone to represent you during the real estate withholding process*)

Representative name (and title, if applicable)		Firm or company name
Mailing address		City, state, zip
Country (<i>if not United States</i>)	Email address	Telephone number

Power of Attorney (*complete only if you want someone to represent you during the real estate withholding process*)
By signing below, the selling party appoints the individual named in the above section to act as their representative with authority to receive confidential information and to discuss your tax records, related to this form, with Maine Revenue Services. I understand that my representative may not act on my behalf, unless I provide a Form 2848-ME, Power of Attorney. I also understand that signing this form does not revoke other power of attorney forms on file with Maine Revenue Services.

Seller signature	Print name (<i>and title, if applicable</i>)	Date
Additional seller signature (<i>if applicable</i>)	Print name (<i>and title, if applicable</i>)	Date

GENERAL INSTRUCTIONS

PURPOSE OF FORM: To request an exemption or reduction in withholding of Maine income tax on the disposition of Maine real property.

WHO MAY FILE: A seller (individual, firm, partnership, association, society, club, corporation, estate, trust, business trust, receiver, assignee or any other group or combination acting as a unit) of Maine real property who, at the time of closing, is a nonresident of Maine.

WITHHOLDING CERTIFICATE ISSUED BY THE STATE TAX ASSESSOR: A withholding certificate may be issued by the State Tax Assessor to reduce or eliminate withholding on transfers of Maine real property interests by nonresidents. The certificate may be issued if:

1. No tax is due on the gain from the transfer; or,
2. Reduced withholding is appropriate because the 2.5% amount exceeds the seller's maximum tax liability.

If one of the above is applicable, apply for the certificate no later than five business days prior to closing.

NOTE: If property is subject to foreclosure and the consideration received for the property does not exceed the debt secured by that property, no Maine income tax withholding is required. Maine Revenue Services does not issue withholding exemption certificates for this type of foreclosure sale (see 36 M.R.S. § 5250-A(3-A)).

SPECIFIC INSTRUCTIONS

Email Form REW-5 and all supporting documents to realestate.withholding@maine.gov or fax to (207) 624-5062.

Seller's name: Enter the seller's name. NOTE: Each seller must complete a separate Form REW-5, except that married taxpayers that will file a joint Maine individual income tax return requesting a withholding exemption

or reduction may complete one form, listing both names and SSN's on the form.

Mailing address: Enter the seller's current mailing address.

Social Security Number (SSN) or Employer Identification Number (EIN): Enter the SSN or EIN of the seller listed on this form. If applicable, enter your spouse's SSN.

SPECIFIC INSTRUCTIONS CONTINUED

E-mail address: Provide the seller's email address, or the email address of the seller's Power of Attorney (POA). If using the POA's email, be sure to include page two of Form REW-5 or a properly completed Form 2848-ME.

Line 1. Enter the name(s) of the buyer(s). The buyers are typically listed on the Purchase and Sale Agreement. Attach additional pages as needed.

Line 2. Enter the map, block, lot, sub-lot and physical address of the property being sold.

Line 3. Enter the closing date of the current pending sale.

Line 4. Enter the total gross sales price of the property. Do not subtract any fees. The sale price should match the sales price on the Purchase and Sales Agreement. If there are multiple sellers, list this seller's ownership percentage.

Line 5. Enter the date the seller acquired the property.

Line 6. If the property was rented or used commercially, enter the allowed, or allowable, accumulated depreciation determined in accordance with the Internal Revenue Code.

Line 7. Indicate the method by which the seller obtained ownership of the property.

a) If you purchased the property, attach verification of the original sales price, such as HUD-1, dually signed Purchase and Sales Agreement, original Real Estate Transfer Tax Declaration (RETTD) or tax assessment from the town when purchased. If you purchased land and built a home, provide proof of the purchase price of the land only.

b) If you inherited the property, provide a complete appraisal dated within six months of the decedent's death or a copy of the tax assessment from the town. Enter the decedent's name, SSN and the date of death in the spaces provided.

c) If you received the property as a gift, provide documents to verify the original purchase price paid by the previous owner. If you cannot locate these documents, the town where the property is located may have a record of the purchase price. As a general rule, for purposes of determining the gain, you will use the donor's adjusted basis at the time of gift as your basis.

Line 8. Indicate whether the sale will be reported as a gain, loss, exclusion, installment sale or like-kind exchange. If you do not know if the sale will result in a loss or a gain, leave this line blank.

Line 9. Provide a list of capital improvements made to the home along with the cost of each improvement. Do not include repairs made to the property. For example: Cleaning or fixing a furnace is not a capital improvement, but installing a new furnace is. If you built the home, provide the information for the build. You can make a detailed list of the items purchased (including the cost of each and providing receipts), provide a copy of the contract with the builder, provide the building permit filed with the town, or provide the tax assessment from the year you received the certification of occupancy. Attach additional pages as needed.

Line 10. Enter the amount of the seller's allowable original closing costs at the time of acquisition*.

Line 11. Enter the amount of the seller's allowable closing costs from the current sale of this property*.

* Certain closing costs do not qualify. If available, enclose a copy of the HUD-1 or Closing Statement from when you purchased the property. Closing costs generally include realtor fees, transfer taxes, and deed preparation fees.

For more information about selling your home, determining basis, reporting the sale, capital improvements and costs, see IRS Publication 523.

Representative Information & Power of Attorney

Although not required, you may designate someone to represent you during the real estate withholding process. To do so, complete the Representative Information and Power of Attorney sections on page 2 of Form REW-5. The designated representative must be an individual, although a firm cannot be designated as your representative, an individual of a firm can be.

Appointing a Power of Attorney designates a representative to receive confidential information and to discuss tax records related to your Form REW-5 filed with Maine Revenue Services. The designated representative may not act on your behalf, unless a completed Form 2848-ME (Power of Attorney) is provided.