MAINE REVENUE SERVICES
PROPERTY TAX DIVISION
PROPERTY TAX BULLETIN NO. 31

REAL ESTATE TRANSFER TAX

REFERENCE: 36 M.R.S. §§ 4641 – 4641-N
September 23, 2025; replaces December 6, 2024 revision

1. General

Maine imposes a tax on certain transfers of real property located in the State. A taxable transfer can occur either through a transfer by deed between persons or the transfer of more than 50% of a direct or indirect ownership interest (a controlling interest) in an entity owning Maine real property. This bulletin explains Maine law applying the real estate transfer tax to transfers by deed. For information on transfers of a controlling interest, see MRS Rule 207 – Controlling Interest Transfers.

This bulletin is intended solely as advice to assist persons in determining and complying with their legal rights, duties, and privileges under Maine law. It is written in a relatively informal style and intended to address questions and issues commonly faced by municipal assessors and landowners regarding the Real Estate Transfer Tax ("RETT"). For more information regarding the RETT, contact Maine Revenue Services ("MRS").

2. Definitions

A. Adjusted assessed value. "Adjusted assessed value" means a property's most recently locally assessed value divided by the certified ratio of the municipality or unorganized territory where the property is located.

B. Certified ratio. "Certified ratio" means the level of assessed value, expressed as a percentage, relative to just value as certified by the assessor pursuant to 36 M.R.S. § 383. A certified ratio of 100% means that the just value of real estate in a municipality is, on average, equal to the assessed value of real estate in the municipality.

C. Entity. "Entity" means an organization that has a legal identity that is separate from the individual members or owners of that organization. Examples of entities include, but are not limited to, partnerships, corporations, associations, and trusts.

D. Assessed value. "Assessed value" means the property value established by the assessor for purposes of local property taxation. Assessed value may be equal to, higher than, or lower than market value.

E. Person. "Person," as defined in 36 M.R.S. § 111(3), means an individual, firm, partnership, association, society, club, corporation, financial institution, estate, trust, business trust, receiver,

assignee or any other group or combination acting as a unit, the State or Federal Government or any political subdivision or agency of either government.

F. Real property. "Real property," as defined in 36 M.R.S. § 4641(2-A), means land or anything affixed to land. "Real property" includes, but is not limited to, improvements such as buildings, mobile homes other than stock-in-trade, lines of electric light and power companies and pipelines and other things constructed or situated on land when the owner of the improvements is not the landowner.

G. Return. "Return" means the combined Controlling Interest Transfer Tax Return/Declaration of Value form furnished by or approved by Maine Revenue Services ("MRS"), also known as the declaration of value or Real Estate Transfer Tax Declaration ("RETTD").

H. Value. "Value," as defined in 36 M.R.S. § 4641(3), means either (1) the actual consideration paid for real property, or (2) the fair market value of the real property if the property has been transferred by gift, for nominal or without stated consideration, or the consideration for the real property cannot be determined. "Nominal consideration" means less than 20% of the property's most recently locally assessed value as adjusted by the municipality's certified ratio, unless the taxpayer provides an attestation from the local assessor that the most recent adjusted assessed value does not reflect fair market value.

3. Transfers

The real estate transfer tax applies to the transfer by deed of all real property. Most transfers of real property are accompanied by a deed, which is a written document that conveys title to real property from one person (the grantor) to another person (the grantee). The deed is then recorded with the register of deeds in the county where the property is located. To record a deed, a completed RETTD must be filed and the tax paid at the time of recording. For purposes of the real estate transfer tax, any written document conveying title to real property is considered a deed, even if it is titled something else, such as a bill of sale.

4. Tax

The real estate transfer tax is imposed half on the grantor and half on the grantee. The transfer tax rate is $2.20 for each $500 or fractional part of $500 of the value of the transferred property. For transfers on or after November 1, 2025, if the value of the property being transferred exceeds $1 million, an additional tax of $3.80 is imposed on each $500 or fractional part of $500 that exceeds $1 million.

Example 1. Individual A sells a property to Individual B for $500,000 and transfers it via deed. Neither person is exempt from the real estate transfer tax. Because the value of the property transferred does not exceed $1 million, the entire transfer is taxed at a rate of $2.20 for each $500 of property value. The tax is calculated as follows:

$$(\$500{,}000 \div 500) \times \$2.20 = \$2{,}200.$$

Individual A and Individual B each owe $1,100 in tax.

Example 2. Same facts as Example 1, except that Individual A sells the property for $1.5 million. Because the value of the property exceeds $1 million, the transfer is taxed at a rate of $2.20 for each $500 of property value, with an additional tax of $3.80 for each $500 of property value that exceeds $1 million. The tax is calculated as follows:

(($1.5 million ÷ 500) × $2.20) + (($500,000 ÷ 500) × $3.80) = $10,400.

Individual A and Individual B each owe $5,200 in tax.

A. Value. The real estate transfer tax is based on the value of the property being transferred. Value ordinarily means the consideration provided for the property being transferred. Consideration usually means money, but can also include other items such as another property or assumption of an existing mortgage.

If the real property has been transferred by gift, for nominal or without stated consideration, or the consideration for the real property cannot be determined, the tax is instead calculated based on the fair market value of the property being transferred. For purposes of calculating the real estate transfer tax, the fair market value of a property equals its adjusted assessed value, unless the taxpayer provides an attestation from the local assessor that the most recent adjusted assessed value does not reflect fair market value.

The assessed value of the property and applicable certified ratio may be available on the website of the municipality where the property is located, or can be obtained by contacting the assessor of the municipality where the property is located.

B. Return and payment. A transfer by deed, unless specifically exempted, requires an RETTD to record the transfer with the appropriate register of deeds. The RETTD is provided by MRS and must be completed and accepted by the register of deeds prior to recording a deeded transfer of real estate. The register of deeds must submit all RETTDs to MRS within 40 days of deed recordation. MRS offers an online filing service that is mandatory for some RETTD preparers and optional for others, at *www.revenue.maine.gov*. See MRS Rule 104 – Filing of Maine Tax Returns at *www.maine.gov/revenue/publications/rules* for more information. Payment of the applicable real estate transfer tax must be made to, and approved by, the register of deeds prior to recording a transfer by deed. The register of deeds keeps 9.2% of the tax collected and remits the remaining 90.8% to MRS monthly.

5. Exemptions

Certain transfers are exempt from the real estate transfer tax. If a transfer is not subject to the real estate transfer tax due to an exemption, that exemption must be claimed and specifically identified on the RETTD. See 36 M.R.S. § 4641-C. The following transfers are exempt from the real estate transfer tax.

A. Governmental entities. The federal government and the State of Maine, and their instrumentalities, agencies, and subdivisions are exempt from the real estate transfer tax, both as grantor and grantee. These entities are not subject to the real estate transfer tax, but any non-governmental entity involved in a transfer with a governmental entity is generally responsible for that non-governmental entity's share of the tax. The law allows three exceptions to the requirement of a non-governmental entity to pay its portion of the tax. No tax is imposed on either the grantor or the grantee in a transfer involving a governmental entity when:

(1) Property is offered to the Maine Department of Transportation or the Maine Turnpike Authority for transportation purposes;

(2) Property is gifted to a governmental entity; or

(3) A nonprofit land conservation organization sells property to a governmental entity.

See 36 M.R.S. § 4641-C(1).

B. Mortgage deeds, deeds of foreclosure, and deeds in lieu of foreclosure.

(1) Mortgage deed. In a mortgage deed, when a homeowner (mortgagor) transfers an interest to a bank or other lender (mortgagee) in return for a mortgage loan, the transfer tax is not imposed on either party in the transaction.

(2) Deed of foreclosure. A deed of foreclosure is prepared when a foreclosed property is sold, usually at a public auction. If a deed of foreclosure is given to a third party at a public auction, the buyer pays their half of the real estate transfer tax on the sale price and the seller pays their half of the real estate transfer tax, but calculated only on any profit they may have made from the sale. If no profit is gained, the seller pays no tax. If at a public auction sale, the foreclosing entity is the high bidder then they are treated as both buyer and seller and pay full tax on the sale price.

(3) Deed in lieu of foreclosure. In a deed in lieu of foreclosure, an owner of a mortgaged property on which a lien has been placed (mortgagor) transfers that property back to the lender (mortgagee) prior to foreclosure. In this transfer, the mortgagor is exempt and the mortgagee owes one-half of the real estate transfer tax based on the value of the property.

See 36 M.R.S. § 4641-C(2).

C. Deeds affecting a previous deed. The real estate transfer tax is not imposed on either party for a deed issued as a clarification or a corrective deed. See 36 M.R.S. § 4641-C(3).

D. Deeds between certain family members. Deeds between spouses, parent and child (including step-children), or grandparent and grandchild are exempt from the real estate transfer tax if the property is transferred without actual consideration. Deeds between spouses in divorce proceedings are also exempt. See 36 M.R.S. § 4641-C(4).

E. Tax deeds. In a tax deed, a municipality or the State acquires a property through foreclosure. Transfers of real property by tax deed are exempt from the real estate transfer tax. See 36 M.R.S. § 4641-C(5).

F. Deeds of partition. In a deed of partition, property held by more than one person is divided into separate shares of that property according to the portion to which each owner is legally entitled. For example, two individuals who own property as joint tenants write a deed to provide each of them a 50% share in the property, that transfer is exempt from the real estate transfer tax. If, however, two individuals who are each entitled to 50% of a parcel of real property write a deed of partition giving one individual a 30% share and the other individual a 70% share, the individual receiving the 70% share will owe real estate transfer tax based on 40% of the real property value (i.e., 70% less 30%). See 36 M.R.S. § 4641-C(6).

G. Deeds pursuant to mergers or consolidations. A merger is a combination of two companies into one. A consolidation is a combination of more than two companies into one. A transfer of real property through merger or consolidation is exempt from the real estate transfer tax. See 36 M.R.S. § 4641-C(7).

H. Deeds by subsidiary corporations and deeds by parent corporation. A transfer by deed from a parent corporation to a subsidiary or from a subsidiary to a parent for no consideration other than the cancellation, surrender, or transfer of shares of stock in the subsidiary is exempt from the real estate transfer tax. See 36 M.R.S. § 4641-C(8) and (10).

I. Deeds prior to October 1, 1975. Any transfer by deed dated prior to October 1, 1975, is exempt from the transfer tax. See 36 M.R.S. § 4641-C(9).

J. Deeds of distribution. In a deed of distribution, property either owned by a decedent or placed in a trust by a decedent is transferred to a beneficiary where that beneficiary is not specified in the decedent's will or trust document or the decedent died without a will. A transfer by deed between a trustee or personal representative and a beneficiary allowed under Title 18-B or Title 18-C of the Maine Revised Statutes on the death of the trust creator or property owner is exempt from the real estate transfer tax. See 36 M.R.S. § 4641-C(11).

K. Deeds executed by public officials. Deeds executed by public officials in the performance of their official duties are exempt from the real estate transfer tax. See 36 M.R.S. § 4641-C(12).

L. Deeds given pursuant to the United States Bankruptcy Code. When property is transferred as required under Title 11 of the U.S. Code, the transfer is exempt from the real estate transfer tax. See 36 M.R.S. § 4641-C(14).

M. Deeds to a trustee, nominee, or straw party.

(1) Trustee. A trustee is a person appointed, or required by law, to execute a trust. To be exempt, a transfer by deed to a trustee must be for the benefit of the grantor. For example, if the owner of a home transfers that property to a revocable living trust, the transferor (grantor) is still considered the owner of that home and there is no real estate transfer tax

assessed on that transfer. Likewise, a transfer by deed from the trustee of that revocable trust back to the original grantor is exempt from the real estate transfer tax.

(2) Nominee. A nominee is a person named to act as another person's agent or representative. A transfer by deed to a nominee from a grantor for the benefit of the grantor is exempt from the real estate transfer tax. Likewise, a transfer from that nominee back to the original grantor is exempt from the real estate transfer tax.

(3) Straw party. A straw party is a person who holds property for the purposes of transferring it to another person. Deeds transferring property to or from a straw party are not taxable only when transferred for the benefit of the grantor.

See 36 M.R.S. § 4641-C(15).

N. Certain corporate, partnership, and limited liability company deeds. This exemption applies only to the organization, dissolution, or liquidation of a business entity (corporation, partnership, limited partnership, or limited liability company) in which the majority of the voting stock in the entity is owned by family members and the majority of the stockholders, partners, or members are related to each other, including adopted individuals, as descendants or spouses of descendants of a common ancestor who was also a transferor of the real property involved, or persons acting in a fiduciary capacity for persons so related.

A transfer by deed from (or to) an individual (or individuals) to (or from) a business entity only for shares or other interest in that entity in the organization, dissolution, or liquidation of that entity is exempt from the real estate transfer tax. See 36 M.R.S. § 4641-C(16).

O. Deeds to charitable conservation organizations. A transfer by deed for no actual consideration to a nonprofit entity that meets the conservation purposes detailed in 33 M.R.S. § 476(2)(B) is exempt from the real estate transfer tax. A qualifying nonprofit entity must be organized as such under state or federal law. See 36 M.R.S. § 4641-C(17).

P. Limited liability company deeds. The transfer of real estate by deed to a limited liability company from a corporation, a general or limited partnership or another limited liability company, when the grantor or grantee owns an interest in the limited liability company in the same proportion as the grantor's or grantee's interest in or ownership of the real estate being conveyed is exempt. See 36 M.R.S. § 4641-C(18).

Q. Change in identity or form of ownership. A change in identity, such as an entity name change, or a change in entity type, is exempt. The exemption does not apply to a transfer where there is a change in beneficial ownership. See 36 M.R.S. § 4641-C(19).

R. Transfers pursuant to transfer on death deed. A transfer by deed effectuated by a transfer on death deed pursuant to the Maine Uniform Real Property Transfer on Death Act is exempt. See 36 M.R.S. § 4641-C(21).

S. Purchases by first-time home buyers participating in certain mortgage loan programs. Beginning on or after November 1, 2025, transfers by deeds of property to purchasers who

receive financial assistance through the Maine State Housing Authority's first-time home-buyer mortgage loan programs is exempt for both the buyer and seller. See 36 M.R.S. § 4641-C(22). Qualifying programs include:

a. First Home Loan Advantage Program;

b. First Home Multi-Unit Advantage Program;

c. First Generation Program;

d. First Generation Mobile Home Program; and

e. Salute ME Program.

T. Certain deeds of mobile home parks. Deeds conveying ownership of a mobile home park from its owner to a majority of residents of the park at the time of conveyance who are residents of the State or a mobile home owners' association of the mobile home park organized in this State when the conveyance is made pursuant to 10 M.R.S. § 9094-A. See 36 M.R.S. 4641-C(23).

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(Published under Appropriation No. 1037.1)