



# 2022 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](mailto:realestate.withholding@maine.gov)  
*If possible, submit via email or fax.*  
P.O. Box 1060  
Augusta, ME 04332-1060

**Note:** This form is for sales occurring in 2022; submissions filed on a prior year form may be subject to delay. 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.

Applicant's name (include spouse's name, if applicable): \_\_\_\_\_

Mailing address: \_\_\_\_\_

SSN(s) or federal EIN: \_\_\_\_\_ Daytime phone number: \_\_\_\_\_

Applicant's email address : \_\_\_\_\_

Applicant's percentage of ownership (See instructions): \_\_\_\_\_ %

1. Names of all sellers: \_\_\_\_\_

2. Buyer(s) name(s): \_\_\_\_\_

3. Physical address: \_\_\_\_\_ Municipality/Township: \_\_\_\_\_

**Note:** Attach documentation to verify the costs listed in the section below. Do not send original documents or receipts by mail, as they will not be returned. Maine Revenue Services ("MRS") may request additional documentation prior to authorizing this request.

4. Date property acquired by seller: \_\_\_\_\_

5. Method of acquisition/Proof of purchase price: Amount: \$ \_\_\_\_\_

a)  Purchase (see instructions).

b)  Inherited (see instructions).

Decedent's name: \_\_\_\_\_ SSN: \_\_\_\_\_ Date of death: \_\_\_\_\_

c)  Gift or other (see instructions).

6. Applicant's allowable closing costs from original purchase of property (See instructions): \$ \_\_\_\_\_

7. Capital improvements (see instructions): \$ \_\_\_\_\_

8. Total sales price and closing date of current pending sale: \$ \_\_\_\_\_ 8a. Date: \_\_\_\_\_

9. Applicant's estimated allowable current closing costs (see instructions): \$ \_\_\_\_\_

10. If rental/commercial use during ownership, length of time: Years: \_\_\_\_\_ Months: \_\_\_\_\_

Provide allowed or allowable accumulated depreciation. \$ \_\_\_\_\_

11. How will this sale of real property be reported on the seller's federal income tax return? (See instructions.)  
\_\_\_\_\_

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 designated representative, complete the Representative Information and Power of Attorney on page 2. You must sign the authorization on page 2 or complete Form 2848-ME (available at [www.maine.gov/revenue/tax-return-forms/general-forms](http://www.maine.gov/revenue/tax-return-forms/general-forms)) before MRS can speak with your designated representative. If you are signing on behalf of your employer, include authorization.

Applicant's signature: \_\_\_\_\_ Date: \_\_\_\_\_

Print name: \_\_\_\_\_

This request for a withholding rate reduction or exemption is submitted in accordance with 36 M.R.S. §§ 5250-A(3)(B) and (4), which authorizes the State Tax Assessor to issue a certificate of exemption 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 or 8.93% for a C corporation, in calendar year 2022.**

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

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

Limited 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 MRS. 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 MRS.

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

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## 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.

**Foreclosure Sale:** 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. Foreclosure sale means a sale of real property incident to a foreclosure and includes a mortgagee's sale of real estate owned property of which the mortgagee, or third-party entity, retained or took ownership as the result of an unsuccessful attempt to sell the property at the time of a previous foreclosure auction. MRS does not issue withholding exemption certificates for this type of foreclosure sale (see Rule 803 and 36 M.R.S. § 5250-A(3-A)).

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 Maine income tax liability on the gain realized from the sale. The maximum income tax liability is equal to the seller's capital gain multiplied by 7.15% (8.93% for corporations).

If one of the above is applicable, apply for the certificate no later than five business days prior to closing. Do not apply if the maximum Maine income tax liability exceeds 2.5% of the consideration.

## Specific Instructions

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

**Applicant's name:** Enter the applicant's (seller's) name. NOTE: If there are multiple sellers of the property, each applicant (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 applicant's current mailing address.

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

**E-mail address:** Provide the applicant's email address, or the email address of the applicant's Power of Attorney (POA). If using the POA's email, be sure to include page 2 of Form REW-5 or a properly completed Form 2848-ME.

**Line 1.** If applicant's ownership percentage is less than 100%, all sellers must be listed on this line. The seller(s) are typically listed on the Purchase and Sale Agreement. Attach additional pages, if necessary.

**Line 2.** Enter the names(s) of the buyer(s). The buyers are typically listed on the Purchase and Sale Agreement. Attach additional pages, if necessary.

**Line 3.** Enter the physical address of the property being sold.

**Line 4.** Enter the date the seller acquired the property.

**Line 5.** 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 6.** Enter the amount of the allowable original closing costs you paid at the time of acquisition\*. Also see line 9.

**Line 7.** 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 8.** 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 8a.** Enter the closing date for the sale of this property.

**Line 9.** Enter the amount of the applicant's allowable closing costs from the current sale of this property\*. Also see line 6.

\*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.

**Line 10.** If the property was rented or used commercially, enter the allowed, or allowable, accumulated depreciation determined in accordance with the Internal Revenue Code.

**Line 11.** 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.

### Representative Information & Limited 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 Limited 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 Limited Power of Attorney designates a representative to receive confidential information and to discuss tax records related to your Form REW-5 filed with MRS. The designated representative may not act on your behalf, unless a completed Form 2848-ME (Power of Attorney) is provided.