



2024 Form REW-5, Page 2

Applicant's SSN or EIN

- 11. **Adjusted basis.** Subtract line 10b from line 9 ..... 11. \$ ..... .00
- 12. Total sales price. See instructions ..... 12. \$ ..... .00
- 13. Applicant's estimated allowable current closing costs. See instructions ..... 13. \$ ..... .00
- 14. **Amount realized.** Subtract line 13 from line 12..... 14. \$ ..... .00
- 15. **Estimated gain/loss subject to federal and Maine income tax.** Subtract line 11 from line 14 ..... 15. \$ ..... .00
- 16. How will this sale of real property be reported on the applicant's federal income tax return? See instructions.

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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 applicant(s), you must provide a written power of attorney authorization with this request. To assign a designated representative, complete the Representative Information and Limited Power of Attorney below. You must sign the authorization 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      \_\_\_\_\_ Applicant's name      \_\_\_\_\_ Date

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 2024.**

**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 Representative Information section below 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.

\_\_\_\_\_ Applicant's signature      \_\_\_\_\_ Print name (and title, if applicable)      \_\_\_\_\_ Date

\_\_\_\_\_ Applicant spouse's signature (if applicable)      \_\_\_\_\_ Print name (and title, if applicable)      \_\_\_\_\_ Date

**Representative Information**

\_\_\_\_\_ Representative name (and title, if applicable)      \_\_\_\_\_ Firm or company name

\_\_\_\_\_ Representative's mailing address (number and street)      \_\_\_\_\_ City/Town      \_\_\_\_\_ State      \_\_\_\_\_ Zip Code

\_\_\_\_\_ Country (if not United States)      \_\_\_\_\_ Email address      \_\_\_\_\_ Telephone number

## 2024 Form REW-5 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.

**When to File:** Form REW-5 should be filed as soon as the seller and buyer have reached an agreement to transfer property. Sellers must allow MRS at least five business days to respond to a Form REW-5 request. The response time will be longer if the request is missing required information or supporting documentation. MRS will not issue a withholding certificate after the sale has closed.

**Maine  TAX PORTAL** revenue.maine.gov **Maine Tax Portal (“MTP”):** The MTP is an online application that allows Maine taxpayers to file tax returns and make payments online quickly, easily, and eliminates the need to file a paper form.

**File Form REW-5 electronically using the MTP at [revenue.maine.gov](https://revenue.maine.gov).** If unable to file online, you may send Form REW-5 and all supporting documents via email to [realestate.withholding@maine.gov](mailto:realestate.withholding@maine.gov), fax to (207) 624-5062, or mail to Maine Revenue Services, Income/Estate Tax Division - REW, P.O. Box 1060, Augusta, ME 04332-1060.

**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 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, file Form REW-5 to 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.

**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)).

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## 2024 Form REW-5 Specific Instructions

**Applicant’s name:** Enter the applicant’s (seller’s) name and SSN or federal EIN. 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.

**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 Form REW-5, page 2 or a properly completed Form 2848-ME.

**Lines 1a - 2.** If applicant’s ownership percentage on line 1 is less than 100%, the names of all other sellers must be included on line 1a. On line 2, enter the name(s) of all buyer(s). The seller(s) and buyer(s) are typically listed on the Purchase and Sale Agreement. Attach additional pages, if necessary.

**Line 3.** Enter the address of the property for sale, the name of the municipality where the property is located, and the expected closing date of the sale.

**Lines 4 - 5. Date and method of acquisition:** Indicate the date the property was originally acquired by the applicant and the method by which the applicant obtained ownership of the property.

Additional documentation may be requested to support the method of acquisition, such as:

**a) Purchase.** Verification of the original sales price, such as a HUD-1 Settlement Statement, dually signed Purchase and Sales Agreement, original Real Estate Transfer Tax Declaration (RETTD) or tax assessment from the town when purchased.

**b) Inheritance.** A complete appraisal dated within six months of the decedent’s death or a copy of the tax assessment from the town.

**c) Gift or other.** 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.

**d) Like-kind exchange.** A copy of the federal Form 8824 that was filed with the Internal Revenue Service (“IRS”) to report the exchange.

## 2024 Form REW-5 Specific Instructions, continued

**Line 6.** If line 5, box a (Purchase) is checked, enter the total amount you paid for the property.

If line 5, box b (Inheritance) is checked, enter the fair market value of the property on the date of the decedent's death.

If line 5, box c (Gift or other) is checked, enter the adjusted basis of the donor at the time of gift.

If line 5, box d (Like-kind exchange) is checked, enter the basis of the property that was reported on federal Form 8824 in the year of the exchange.

**Line 7.** Enter the amount of the allowable closing costs paid at the time the property was originally acquired by the applicants\*. Also see line 13.

**Line 8.** Enter the cost of capital improvements made to the property. 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 constructed a building after you acquired the property, include the construction costs for the building.

You may be asked to provide additional information supporting the amount entered on this line, such as a list of capital improvements and the cost of each improvement, and/or a copy of the construction contract, building permit filed with the town, or the tax assessment from the year a certificate of occupancy was received.

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

**Line 12.** 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.

**Line 13.** Enter the amount of the applicant's allowable closing costs from the current sale of this property\*. Also see line 7.

\*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.

**Line 16.** Indicate whether the sale will be reported as a gain, loss, exclusion, installment sale, like-kind exchange, or other on the applicant's federal income tax return. If you do not know how the sale will be reported on the applicant's federal income tax return, consult a tax professional or the IRS.

For more information about selling the property, determining basis, reporting the sale, capital improvements and costs, visit [www.irs.gov](http://www.irs.gov). See the instructions for the following federal forms and publications:

- Publication 523 (Selling Your Home)
- Publication 544 (Sales and Other Dispositions of Assets)
- Form 1040 (U.S. Individual Income Tax Return)
- Schedule D (Capital Gains and Losses)
- Form 4797 (Sales of Business Property)
- Form 8824 (Like-Kind Exchanges)
- Form 8949 (Sales and Other Dispositions of Capital Assets)

### Limited Power of Attorney & Representative Information.

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 Form REW-5, page 2. 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.