



**Maine Revenue Services
Income/Estate Tax Division
Real Estate Withholding (REW)**

**P.O. Box 1060
Augusta, Maine 04332-1060
Email: realestate.withholding@maine.gov
Fax: (207) 624-5062**

Notification to Seller(s) of Withholding Tax Requirement

Real estate withholding applies to the transfer of any real property* located in Maine. Every buyer of Maine real property must withhold state income tax from the total consideration paid for the property (\$100,000 or more) if the seller is not domiciled in the State of Maine as of the date of closing.

This is not a tax. Similar to payroll deduction, it is a withholding of state income tax that is claimed as an estimated tax payment on Maine's income tax return. If you have a recognized gain relating to the sale of Maine property, you are generally required to file a Maine income tax return for the taxable period in which the sale occurred, regardless of the sales price of the property.

The withholding tax requirement applies to an individual, firm, partnership, association, society, club, corporation, estate, trust, receiver, assignee, or any other group or combination acting as a unit.

*Easements and mobile homes on rented land are considered real property.

Rate of Withholding

The rate of withholding is 2.5% of the total consideration (total sales price). At the request of the seller, the State Tax Assessor may prescribe a reduced amount of withholding, equal to the gain multiplied by 7.15% (8.93% for a C corporation) for 2024.

Form REW-5 – Request for Exemption or Reduction in Withholding of Maine Income Tax on the Disposition of Maine Real Property)

Form REW-5 can be submitted to request an exemption or reduction of the withholding. A 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.

All requests for exemption or reduced withholding must be completed and granted prior to the sale transaction closing date. Form REW-5 and any supporting documentation must be completed and submitted to: Maine Revenue Services, Income Tax Division/REW. Documents may be submitted via fax at (207) 624-5062; emailed to realestate.withholding@maine.gov, no later than 5 business days prior to closing; or mailed to: P.O. Box 1060, Augusta, Maine 04332-1060. If mailing, please allow two to three weeks for delivery and processing.

For more information, see the real estate withholding forms and FAQs, available at www.maine.gov/revenue/taxes/income-estate-tax/real-estate-withholding.