

# INSTRUCTIONS

**A separate Return/Declaration must be filed for each transfer of a controlling interest in the county where real property is located.**

When a transfer of a controlling interest occurs (for which a deed is not given) in an entity that has a fee interest in real property on or after June 1, 2002, except for transactions completed pursuant to contracts executed prior to March 1, 2002, a transfer tax is due at the rate of \$2.20 for each \$500 of consideration or portion thereof on that transfer,  $\frac{1}{2}$  payable by the transferor and  $\frac{1}{2}$  by the transferee.

If the transfer is not reported to the registry of deeds in the county where the property is located, by the person or persons transacting the transfer of a controlling interest and the tax is not paid within 30 days of the transfer, the transferor and transferee are jointly and severally liable for the full amount. When one or more persons party to the transfer fail to complete this return, the register of deeds may accept the return from any party to the transaction. Such person should execute the affidavit thereto and pay its proportionate share of the tax due. A person reporting the necessary information pertaining to other persons involved in a controlling interest transfer and timely paying its proportionate share of the tax will not be held jointly and severally liable for the tax of such other persons involved.

## Definitions

**Controlling Interest:** More than 50% of the total combined voting power, capital, profits or beneficial interests in an entity.

**Transfer of a controlling interest:** Means the transfer within any twelve-month period (365 consecutive days) of a controlling interest in any entity with a fee interest in real property in the State of Maine whether by single or multiple transactions.

**Value:** Value means the amount of the actual consideration for the transfer of real property whether by deed or as a controlling interest in an entity with a fee interest in real property, or, in the case of a gift or when the consideration cannot be determined, is based on the estimated price a property will bring on the open market and under prevailing conditions in a sale between a willing seller and a willing buyer, both conversant with the property and the prevailing general price conditions. This definition includes value as may be determined by municipal assessors.

## Instructions for Completing this Return and Declaration

**Boxes 1, 2:** Enter full names of transferor and transferee, complete mailing address, and federal taxpayer identification numbers or social security numbers and percent of entity ownership transferred. **In the case of multiple transferors or transferees the person conveying or acquiring the controlling interest must submit pro forma returns for all other persons involved in the transactions unless the other persons are known to have filed. Such reporting is to be made within 30 days of the controlling interest transfer date.**

**Box 3.** Enter the name, address, the date of transfer and federal taxpayer identification or social security number of the entity whose ownership was transferred. Include the name, address and phone number of the person preparing the return.

**Box 4.** List all real property located in the county owned by the entity named in block 3, identified by municipality or township, parcel map and lot or other physical description, the percentage interest of the entity in the real property and the value of those property interests. Also indicate the appropriate letter in the space provided as to the source of value information. Check box for each parcel, as appropriate, to indicate land is classified and subject to penalty on withdrawal from classification under current use valuation tax laws.

**Box 5.** If this transfer is claimed to be exempt from transfer tax, explain the basis for such exemption in detail and attach additional sheets as necessary.

**Box 6.** Transferor and Transferee or their authorized agent must fill out and sign the affidavit stating that the declaration is a true and correct report of this transaction.

For further information see Proposed Rule Chapter 207 available on the Web @ <http://www.maine.gov/revenue> click on Laws and Rules or call Maine Revenue Services (207) 287-2013.