

2012 Form 63-23P Instructions

Who Must File Form 63-23P?

All domestic insurance companies subject to Massachusetts General Laws (M.G.L.) Ch. 63, secs. 22 and 22A must file Form 63-23P. Life insurance companies and ocean marine business companies are not required to file this form.

A domestic company is a company incorporated or formed in the Commonwealth.

All classes of foreign insurance companies subject to M.G.L. Ch. 63, Secs. 23 and 24A must file Form 63-23P. Life insurance companies that are taxable under M.G.L., Ch. 63, Sec. 20, 21 or 23 and marine business companies taxable under M.G.L. Ch. 63, Sec. 29A are not required to file this form.

A foreign company is any company organized or formed in any state or country other than Massachusetts.

All domestic or foreign organizations that offer preferred provider arrangements under Ch. 176I are required to file this form.

When Must Form 63-23P Be Filed?

Form 63-23P, together with payment in full of any tax due, must be filed on or before the 15th day of the third month after the close of the company's taxable year.

May an Insurance Company Obtain an Extension of Time to File?

Yes. Form 63-23P filers may request a six-month extension of time to file by submitting Massachusetts Form 355-7004 Misc. on or before the original due date. Any tax due at the time of filing Form 355-7004 Misc. must be paid in full.

Note: An extension of time to file is not valid if the company fails to pay at least 50% of the total tax liability through estimated payments or using Form 355-7004 Misc.

What Are the Penalties for Late Returns?

Insurance excise returns that are not filed on or before the due date are subject to interest and penalty charges. The penalty for failure to pay the total amount due with this form is 1% of the balance due per month (or fraction thereof), up to a maximum of 25%. A late payment penalty does not apply to amended returns when the amount shown on the original return was paid.

The penalty for failure to file a return by the due date is 1% of the balance due per month (or fraction thereof), up to a maximum of 25%.

Any tax not paid on or before the due date — without regard to the extension — is subject to interest.

What Is a Valid Return?

A valid return is one upon which all required amounts have been entered for all of the appropriate items on the form. Applicable forms and documents may be enclosed to explain these amounts. Referencing enclosed items instead of properly entering all amounts onto the return is not sufficient. The return **must** be signed by either the treasurer or assistant treasurer of the company.

To be valid, Form 63-23P must also include:

- a copy of Schedule T, Exhibit of Premiums Written from the NAIC Annual Statement; and
- a copy of the Underwriting and Investment Exhibit, Form 2, Part I — Interest, Dividends and Real Estate Income, from the NAIC Annual Statement; and

- a Certificate of Contribution from the Property and Casualty Initiative from those companies claiming a lower tax rate and those companies claiming a retaliatory surtax credit; and

- a statement from those companies who are members of the Massachusetts Property Insurance Underwriting Association (Fair Plan) and/or Crime Insurance Program — the statements must indicate the amounts disbursed, the percentage of participation, the policy year and whether the premiums associated with the disbursement were included on Schedule T of the NAIC Annual Statement.

Reproduction of returns must be approved by DOR prior to filing and meet the criteria provided in Technical Information Release 95-8.

Failure to meet any of the requirements detailed in this section may result in a penalty for filing an insufficient return. Such a penalty may be assessed at double the amount of the tax due.

Please visit our website, www.mass.gov/dor, for additional copies of this return.

What if the Taxpayer Is a Fiscal or Short Year Filer?

File the 2012 return for calendar year 2012 and fiscal years that began in 2012 and ended in 2013. For a fiscal year return, fill in the tax year space at the top of page 1. Short year filers should file using the tax form for the calendar year within which the short year falls. If the short year spans more than one calendar year, the filer should file use the tax form for the calendar year in which the short year began. If the current form is not available at the time the short year filer must file, the filer should follow the rules explained in TIR 11-12.

When Are Estimated Tax Payments Required?

Any insurance company which reasonably estimates its excise to be in excess of \$1,000 for the taxable year is required to make estimated tax payments to the Commonwealth. Estimated payments must be made in quarterly installments of 40%, 25%, 25% and 10% of the estimated annual tax liability.

Note: New corporations in their first full taxable year with less than 10 employees have different estimated payment percentages — 30%, 25%, 25% and 20% respectively.

Insurance companies that underpay, or fail to pay, their estimated taxes may incur an additional penalty on the amount of the underpayment for the period of the underpayment. Form M-2220, Underpayment of Massachusetts Estimated Tax by Corporations, is used to compute the additional charge.

Any corporation having \$1 million or more of federal taxable income in any of its three preceding taxable years (as defined in Section 6655 (g) of the IRC) may only use its prior year's tax liability to calculate its first quarterly estimated tax payment. Any reduction in the first installment payment that results from using this method must be added to the second installment payment.

A company that claims the exception to the underpayment penalty of equaling the prior year's tax liability **must provide federal tax returns** (front page only) for the three preceding taxable years to verify that federal taxable income is less than \$1 million.

Note: Any insurance company required to file more than one type of excise return must also file separate estimated payments since each type of tax is governed by a different section of the Massachusetts General Laws.

For more information on corporate estimated taxes, refer to M.G.L., Chapter 63B.

How Is the Excise Determined?

Domestic insurance companies are taxed both on premiums written and finance charges imposed on those premiums in Massachusetts. These companies are also taxed on premiums in other jurisdictions where no tax is paid. A tax is also imposed on gross investment income.

Foreign insurance companies are taxed on gross premiums written or renewed, and finance charges imposed on those premiums in Massachusetts.

Organizations conducting preferred provider business are taxed on gross premiums received for persons residing in Massachusetts.

Line Instructions

Federal Audit

If your corporation has undergone a federal audit for some prior year, you must report any changes on Massachusetts Form CA-6, Application for Abatement/Amended Return, within three months after the final determination of the correct taxable income by the IRS. Otherwise, you will be subject to a penalty. If the federal change results in less tax due to Massachusetts than was assessed or paid, you may apply for abatement under the federal change rules within one year of the final federal determination. Answering "yes" to this question does not relieve the company of this filing obligation.

Should the Whole Dollar Method Be Used?

Yes. All amounts entered must be rounded off to the nearest dollar.

Note: Ocean marine premiums reported on your 2012 Ocean Marine Profits Tax Return are deductible from net direct premiums.

Computation of Excise

Line 1. Multiply the amount from Part 1, line 5 by .0228 and enter in line 1. If amount is negative, enter "0."

Taxable premiums are derived from net direct premiums subject to tax in Massachusetts from Schedule T of the NAIC Annual Statement, and net direct premiums from other states or countries where no tax has been paid. Include in this amount any finance and service charges from Schedule T.

Form 63-23P filers are allowed a dividend deduction for premiums returned or credited to policyholders in Massachusetts as dividends on direct business from Schedule T of the NAIC Annual Statement.

Net direct premiums are gross premiums, exclusive of reinsurance assumed as written in:

- all policies issued or renewed (including dividends applied to payment of renewals, and policy and membership fees whether or not actually received by the company);
- all additional premiums charged on policies issued in this or in previous years; and
- all assessments made upon policyholders, for insurance of property or interests in Massachusetts or which are subjects of insurance issued through companies or agents in this state;

Less

- premiums on direct policies written but not taken or canceled through default of payment; and
- premiums returned to policyholders on canceled policies of direct insurance, but without deduction or exclusion in any manner of reinsurance ceded, dividends, commissions, expenses or losses.

Line 2: Income. Enter in the subtotal section of line 2 the amount from Part 2, line 10. Multiply this amount by the applicable tax rate checked in the registration section. Property and casualty insurers may reduce

their tax rate on gross investment income from the 1% tax rate if they contribute the required amount to the initiative over a five-year period. The reduced rate schedule is as follows: 0.8% for the first year on or after January 1, 1999, in which it makes the required contribution and 0.6% for the second year it makes the required contribution or 0.4% for the third year it makes the required contribution. The tax rate is 0.2% in the fourth year it makes the required contribution. No gross investment income tax shall be due for the tax years beginning on or after the fifth year in which said company contributes its full proportionate share. A Certificate of Contribution issued by the Property and Casualty Insurance Company Initiative must accompany the return if claiming the lower rate. A company that does not make the required contribution in any year will continue to be taxed at the rate for the last year in which it did make the required contribution.

Line 3. If applicable, and not previously reported on Schedule T, include the disbursement received from the Massachusetts Property Insurance Underwriting Association and/or Crime Insurance Program.

Lines 4, 13 and 19: Credit Recapture and Installment Sales Tax.

If the corporation is required to recapture any amount of previously claimed EOAC, Low-Income Housing Credit Brownfields Credit or Historic Rehabilitation Credit, complete Schedule H-2 and enter the result. Current year credits can then be used to offset the total excise due which will include the recapture amount.

Include in the total on lines 4, 13 and 19 the tax amount representing an interest charge on the deferred tax on gain from certain installment sales with a sales price over \$150,000 if you are not a dealer and the aggregate face amount of installment obligations arising during the tax year and outstanding as of the close of the tax year exceeds \$5 million. For more information see M.G.L. Ch. 62C, sec. 32A(a) and I.R.C. sec. 453A (a)–(c).

Also include in the total the tax amount representing interest on the deferred gain from the installment sale of timeshares and residential lots, if the sale meets one of the following criteria: 1) the sale is of a timeshare right for 6 weeks or less; 2) the sale is for the recreational use of specified campgrounds; or 3) the sale is for a residential lot and neither the dealer nor someone related to the dealer is obligated to make any improvements on the lot. For more information see M.G.L. Ch. 62C, sec. 32A (b) and I.R.C. sec. 453(l)(2)(B).

If you are a partner in a partnership or a shareholder in an S corporation, the entity will be sending you the information you need to calculate the addition to tax under this provision. For more information see TIR 10-11.

Line 6: Premiums. Enter the amount of total net direct premiums subject to tax in Massachusetts from Schedule T of the NAIC Annual Statement. Include in this amount any finance and service charges from Schedule T. If amount is negative, enter "0."

Net Direct Premiums are gross premiums, exclusive of reinsurance assumed, as written in:

- all policies issued or renewed (including dividends applied to payment of renewals, and policy and membership fees whether or not actually received by the company);
- all additional premiums charged on policies issued in this or in previous years; and
- all assessments made upon policyholders, for insurance of property or interests in Massachusetts or which are subjects of insurance issued through companies or agents in this State;

Less:

- premiums on direct policies written but not taken or canceled through default of payment; and
- premiums returned to policyholders on canceled policies of direct insurance, but without deduction or exclusion in any manner of reinsurance ceded, dividends, commissions, expenses or losses.

Line 7: If applicable and not previously reported on Schedule T, include the policy year amount of "Fair Plan" participation premiums incurred with the Massachusetts Property Tax Insurance Underwriting Association and/or Crime Insurance Program.

Line 9: Deduction. Enter the total of dividend deductions for premiums returned or credited to policyholders in Mass. as dividends on direct business from Schedule T of the NAIC Annual Statement.

Line 12: Retaliatory tax. Use the back of Form 63-23P to calculate your excise using the same method and rate used by the state in which you are incorporated and would be imposed on a like Massachusetts insurance company, or its agents, if doing business to the same extent. If the computation in the state of your incorporation is in every respect the same as your Massachusetts computation, a statement to that effect should be made. Enter this amount in line 12. Retaliatory tax provisions are provided under M.G.L. Ch. 63, secs. 23 and 24A.

Line 21: Retaliatory surtax credit. A company that contributes its full and proportionate share to the Property and Casualty Initiative may receive a credit against the premium tax equal to increasing percentages of the retaliatory taxes paid during the preceding taxable year attributable to the surtax. If the aggregate cumulative investment by domestic property and casualty companies in the Property and Casualty Initiative reaches \$100,000,000, the credit shall equal 100% of the retaliatory taxes attributable to the surcharge. The amount of the credit is 20% for the tax year beginning on or after January 1, 1999 or the first year in which a participating property and casualty company contributes its full proportionate share. The amount of the credit is 40% for the tax year beginning on or after January 1, 2000 or the second year in which a participating property and casualty company contributes its full proportionate share. The amount of credit is 60% for the tax year beginning on or after January 1, 2001 or the third year in which the participating property and casualty company contributes its full proportionate share. The amount of credit is 80% for the tax year beginning on or after January 1, 2002 or the fourth year in which the participating property and casualty company contributes its full proportionate share. The amount of the credit is 100% for the year beginning on or after January 1, 2003 or the fifth year in which a participating property and casualty company contributes its full proportionate share.

The total amount of the credit shall not exceed \$8,000,000 for all domestic property and casualty companies. The amount of each property and casualty company's credit shall be limited to that company's credit share. A company seeking the credit must provide the Commissioner of Revenue with the amount of its retaliatory taxes attributable to the surtax and payable for the preceding taxable year, before application for the credit, by December 31 of the current taxable year. The commissioner of revenue shall be responsible for reporting to each company its credit share amount by February fifteenth of the current taxable year. A certificate of contribution issued by the Property and Casualty Initiative must accompany the return.

Line 22: Initiative credit. A company shall be allowed a credit against the premium tax equal to 1½% (.015) of such company's total capital contribution in excess of their full proportionate share which shall mean an investment in the Massachusetts Property and Casualty Insurance Company Community and Economic Development Initiative.

This credit is effective for tax years in which the aggregate cumulative investment in the Property and Casualty Initiative reaches 100 million or the tax year 2004, whichever is later.

Line 24: Credit for member insurers of the Massachusetts Life and Health Insurance Guaranty Association. Enter 10% of the assessment for each of five years following the year in which the assessment was paid. If the sum of offsets exceeds \$3,000,000, the excess may be carried forward and may be used in a year in which the \$3,000,000 is **not** exceeded. If the total offsets exceed \$3,000,000 in a year, the Department of Revenue will assess each member with an additional tax equal to the amount of the offset which exceeds \$3,000,000 of such members pro rata share. If the total offsets do not exceed \$3,000,000 in a year, the Department of Revenue will calculate each members' pro rata share to determine the amount of refund due each member and issue a refund to each member.

Line 25: Economic Opportunity Area Credit. Enter the amount of Economic Opportunity Area credit claimed this year from Schedule EOAC, line 15. Enclose a completed Schedule EOAC with this return. For more information, contact the Massachusetts Office of Business Development at One Ashburton Place, Room 2101, Boston, MA 02108.

Line 26: Economic Development Incentive Program Credit. Under the provisions of the Economic Development Incentive Program (EDIP) established pursuant to M.G.L. Ch. 23A, the Economic Assistance Coordination Council (EACC) may authorize taxpayers participating in certified projects to claim tax credits under M.G.L. Ch. 62 sec. 6(g) and M.G.L. Ch. 63 sec. 38N. Taxpayers authorized by the EACC to claim tax credits for projects certified on or after January 1, 2010 must use Form EDIP, Refundable Economic Development Incentive Program Credit, to claim such credits. Taxpayers seeking to claim credits for projects certified prior to January 1, 2010 must use Schedule EOAC. See TIR 10-01 for further information.

Line 27: Low-Income Housing Credit. To claim the Low-Income Housing Credit, documentation must be enclosed with the return. For further information on this credit, contact the DHCD, Division of Private Housing, at (617) 727-7824.

Line 28: Historic Rehabilitation Credit. Effective for tax years beginning on January 1, 2005 and ending on or before December 31, 2017, taxpayers may be eligible for the Historic Rehabilitation Credit (HRC). To claim this credit, a historic rehabilitation project must be complete and have been certified by the Massachusetts Historical Commission. Unused portions of the credit may be carried forward for a maximum of 5 years. This credit may be transferred or sold to another taxpayer. The HRC is not subject to the 50% limitation rule for corporate taxpayers. If the taxpayer disposes of the property generating the HRC, a portion of the credit may be subject to recapture. For further information, see Regulation 630 CMR63.38.1, Massachusetts Historic Rehabilitation Tax Credit.

Line 29: Film Incentive Credit. For tax years beginning on or after January 1, 2006 and before January 1, 2023, motion picture companies may claim a credit equal to 20% of the total qualifying aggregate payroll for employing persons within the Commonwealth in connection with the filming and production of a motion picture, and a credit equal to 25% of their Massachusetts productions expenses. The credits are transferable. For further information, see TIR 06-1.

Line 30: Medical Device Credit. For tax years beginning on or after January 1, 2006, medical device companies that develop or manufacture medical devices in Massachusetts can claim a credit equal to 100% of the user fees paid to the U. S. Food and Drug Administration. The credit is transferable. For more information, see TIR 06-22.

Line 31: Brownfields Credit. Recent legislation extends the Brownfield credit to nonprofit organizations, extends the time frame for eligibility for the credit, and permits the credit to be bought, sold or assigned. Under prior law, net response and removal costs incurred by a taxpayer between August 1, 1998 and August 5, 2005, were eligible for the credit provided that the taxpayer commenced and diligently pursued an environmental response action before August 5, 2005. As a result of the recent legislation, the environmental response action commencement cut-off date is changed from August 5, 2005 to August 5, 2013, and the time for incurring eligible costs that qualify for the credit is extended to January 1, 2014. For further information, see TIR 06-16.

Line 32: Life Science Company Investment Tax Credit. For taxable years beginning on or after January 1, 2009, a new Investment Tax Credit (ITC) may be available to taxpayers.

This credit, which is available to certified life sciences companies only to the extent authorized pursuant to the Life Sciences Tax Incentive Program, is equal to 10% of the cost of qualifying property acquired, constructed or erected during the taxable year and used exclusively in the Commonwealth.

The refundable ITC can apply to purchases made on or after January 1, 2009 even if a construction project started before that date. The scope of qualifying property for purposes of the new credit is the same as that provided by the existing ITC under M.G.L. Ch. 63, sec. 31A.

Life sciences companies or persons also qualifying for the Economic Opportunity Area Credit (EOAC) for the same property may only take such EOAC to the extent of an additional 2% of the cost of the qualifying property. Corporations taking these credits are not allowed to take the ITC under M.G.L. Ch. 63, sec. 31A or the Low-Income Housing Credit under M.G.L. Ch. 63, sec. 31H for the same qualifying property.

If a life sciences ITC exceeds the tax otherwise due as applicable, 90% of the balance of such credit may, at the option of the taxpayer and to the extent authorized pursuant to the Life Sciences Tax Incentive Program, be refundable to the taxpayer for the tax year in which the qualified property giving rise to such credit is placed in service. If such refund is elected by the taxpayer, then the carryover provisions for this credit that would otherwise apply shall not be available. For further information, see TIR 08-23.

Line 33: Life Science Company FDA User Fees Credit. For taxable years beginning on or after January 1, 2009, a new credit may be available to taxpayers for user fees paid on or after June 16, 2008 to the U.S. Food and Drug Administration (USFDA) upon submission of an application to manufacture a human drug in the Commonwealth.

This credit, which is available to certified life sciences companies only to the extent authorized pursuant to the Life Sciences Tax Incentive Program, is equal to 100% of the user fees actually paid by the taxpayer, as specified in the certification, and may be claimed in the taxable year in which the application for licensure of an establishment to manufacture the drug is approved by the USFDA.

To be eligible for the credit, more than 50% of the research and development costs for the drug must have been incurred in Massachusetts. Taxpayers may use the FDA user fees credit to reduce their tax to zero. To the extent authorized pursuant to the Life Sciences Tax Incentive Program, 90% of the balance of credit remaining is refundable. The deduction otherwise allowable for user fees qualifying for the credit is disallowed. For further information, see TIR 08-23.

Line 34: Life Sciences Company Research Credit. For taxable years beginning on or after January 1, 2009, a new credit may be available for certified life sciences companies pursuant to the Life Sciences Tax Incentive Program, to provide qualifying companies with a means to

obtain a research credit for certain expenditures not qualifying for the existing research credit under c. 63, § 38M. St. 2008, c. 130, §§ 30 and 53, codified at G.L. c. 63, § 38W. Under this new provision, the credit is generally calculated in the same manner as the research credit under section 38M. However, the qualified research expenditures which form the basis for the calculation in new section 38W differ from those of section 38M in that they can qualify when the activities are performed both inside and outside of the Commonwealth, to the extent they relate to legally mandated clinical trial activities. The new life sciences research credit is not refundable. For further information, see TIR 08-23.

Line 37: Voluntary contribution to the Nongame Wildlife Fund. Any corporation that wishes to contribute any amount to the Natural Heritage and Endangered Species Fund may do so on this form. This amount is added to the excise due. It increases the amount of the corporation's payment or reduces the amount of its refund.

The Natural Heritage and Endangered Species Fund is administered by the Department of Fisheries, Wildlife and Environmental Law Enforcement to provide for conservation programs for rare, endangered and nongame wildlife and plants in the Commonwealth.

Line 42: Pass-through Entity Withholding. Enter the amount of any withholding tax from pass-through entities. Be sure to include the taxpayer identification number of the person or entity submitting the withholding payment on behalf of the taxpayer.

Line 43: Refundable Film Credit. Schedule RFC, Refundable Film Credit, is used by motion picture production companies to elect to claim a refundable film credit if they have not transferred or carried forward a portion of the film credit for the production. Transferees of the film credit do not qualify for the refundable film credit. If an election to refund the film credit for a production is made, the entire film credit remaining after reducing the current year tax liability will be refunded at 90%. The production company is not allowed to partially refund and partially transfer or carryover over any portion of the credit to the next tax year.

Line 44: Refundable Dairy Credit. A taxpayer who holds a certificate of registration as a dairy farmer pursuant to M.G.L. Ch. 94, sec. 16A is allowed a refundable tax credit based on the amount of milk produced and sold. The dairy farmer tax credit as originally enacted was 90% refundable. Under recent legislation, the dairy farmer tax credit is now 100% refundable.

Line 45: Refundable Life Science Credit. There are two different credits which the Massachusetts Life Sciences Center, with the approval of the Secretary of Administration and Finance, may authorize a taxpayer to have refunded in lieu of carrying forward such credit to a future year.

A taxpayer may apply for a refund of 90% of the unused Investment Tax Credit granted under M.G.L. Ch. 63, sec. 38U or the additional credit on the same property that may be granted under M.G.L. Ch. 63, sec. 38N if property for which the 38U credit is granted is used in a certified project.

A taxpayer may apply for a refund of 90% of the unused FDA User Fee Credit granted under M.G.L. Ch. 63, sec. 38M, including credits carried over from prior years. Schedule RLC, Refundable Life Science Credit, is used by taxpayers to claim the refund.

Line 46: Refundable Life Science Jobs Credit. Effective for tax years beginning on or after January 1, 2011, a new tax incentive has been added to the Life Sciences Tax Incentive Program in the form of a refundable jobs credit. A taxpayer, to the extent authorized by the Life Sciences Tax Incentive Program, may be allowed a refundable jobs credit against the tax liability imposed under G.L. c. 62, the personal income tax, or G.L. c. 63, the corporate excise. A taxpayer claiming a life

sciences refundable jobs credit must commit to the creation of a minimum of 50 net new permanent full-time positions in Massachusetts.

The amount of life sciences jobs credit allowed to a taxpayer will be determined by the Massachusetts Life Sciences Center in consultation with the Department of Revenue.

If a life sciences jobs credit claimed by a taxpayer exceeds the tax otherwise due under the personal income tax or the corporate excise, as applicable, 90 percent of the balance of such credit may, to the extent authorized by the life sciences tax incentive program, be refundable to the taxpayer. Excess credit amounts shall not be carried forward to subsequent taxable years.

The refundable jobs credit is subject to all the requirements of G.L. c. 23I, including the requirements set out in TIR 08-23. The total dollar amount of the various life sciences tax incentives, including the refundable jobs credits, for qualifying life sciences companies is subject to an annual cap of \$25 million.

Line 47: Refundable Economic Development Incentive Credit. Under the provisions of the Economic Development Incentive Program (EDIP) established pursuant to M.G.L. Ch. 23A, the Economic Assistance Coordination Council (EACC) may authorize taxpayers participating in certified projects to claim tax credits under M.G.L. Ch. 62 sec. 6(g) and M.G.L. Ch. 63 sec. 38N. Taxpayers authorized by the EACC to claim tax credits for projects certified on or after January 1, 2010 must also submit Form EDIP, Refundable Economic Development Incentive Program Credit, to support the claim for this credit.

Line 48: Refundable Conservation Land Credit. Effective for tax years beginning on or after January 1, 2011, a credit is allowed for qualified donations of certified land to a public or private conservation agency. The credit is equal to 50% of the fair market value of the qualified donation. The amount of the credit that may be claimed by a taxpayer for each qualified donation cannot exceed \$50,000. The credit is refundable but not transferable. The certification process is conducted by the Executive Office of Energy and Environmental Affairs (EEA). EEA has promulgated a regulation, 301 CMR 14.00, entitled Conservation Land Tax Credit, which sets forth criteria for authorizing and certifying the credit. See also, 830 CMR 62.6.4, entitled Conservation Land Tax Credit, promulgated by DOR to explain the calculation of the allowable credit.

Lines 39 through 49: Payments. Enter in line 39 any overpayment credited from 2011 to 2012. Enter estimated tax payments made in 2012 in line 40. Any extension payment should be entered in line 41. Line 47 should reflect the total payments made for the entire year.

Lines 50 through 52: Overpayment and refund. If the amount in line 49 is larger than the amount in line 38, enter the amount overpaid in line 50.

The overpayment may be applied in part or in full to 2013 estimated taxes by entering in line 50 the amount to be credited to 2013 estimated tax payments. Enter the amount to be refunded in line 52.

An overpayment of excise cannot be applied as a credit to the tax of another account of this company or to the tax of another company.

Line 53: Balance due. If line 38 is larger than line 49, enter the balance due in line 53. Payment in full is due on or before March 15, 2013.

Line 54: Penalties. Any company that has an underpayment of estimated tax will incur a penalty on the underpayment for the period of the underpayment. Enclose a copy of Form M-2220. For more information, refer to the section, "When Are Estimated Tax Payments Required?"

Any company that fails to file a timely return will be subject to a late filing penalty of 1% per month, or fraction thereof, and a late payment penalty of 1% per month, or fraction thereof, on the amount required to be shown as the tax due on the return. For more information, refer to the section, "What Are the Penalties for Late Returns?"

Line 55: Interest. Any company that fails to pay its tax when due will be subject to interest on the unpaid balance. For more information, refer to the section "What Are the Penalties for late Returns?"

Line 56: Payment due. Enter the total payment due. Checks for this amount should be made payable to the **Commonwealth of Massachusetts**. Checks should have the company's federal identification number written in the lower left corner.

Signature

When the form is complete, it must be signed by the treasurer or assistant treasurer. If you are signing as an authorized delegate of the appropriate corporate officer, check the box in the signature section and attach a Massachusetts Form M-2848, Power of Attorney. Mail forms to: **Massachusetts Department of Revenue, PO Box 7052, Boston, MA 02204.**