2018 Instructions for Massachusetts Fiduciary Income Tax **Form 2**

Major 2018 Tax Changes

Filing Due Dates

Form 2 is due on or before April 17, 2019. In Massachusetts, April 15, 2019 is Patriot's Day, a legal holiday in the Commonwealth. In Washington, D.C., Emancipation Day, observed on April 16, 2019 is a legal holiday. Therefore, the Internal Revenue Service (IRS) has announced that because of these two legal holidays, Massachusetts residents' federal tax returns that would normally be due on April 15, 2019 will be treated as timely if filed on or before April 17, 2019. For Massachusetts tax purposes, returns, payments made with returns, and estimated payments otherwise due on April 15, 2019 will be treated as timely if they are filed and/or paid on or before April 17, 2019.

2018 Personal Income Tax Rates

Effective for tax years beginning on or after January 1, 2018, the tax rate on most classes of taxable income remains unchanged at 5.1%. The tax rate on short-term gains from the sale or exchange of capital assets and on long-term gains from the sale or exchange of collectibles (after a 50% deduction) remains at 12%.

Changes Related to Federal Tax Reform

As a general rule, Massachusetts does not adopt any federal personal income tax law changes incorporated into the Internal Revenue Code (Code, or IRC) after January 1, 2005. However, certain specific Massachusetts personal income tax provisions, as set forth in MGL ch 62, § 1(c), automatically conform to the current IRC. Provisions of the IRC Massachusetts adopts on a current basis are:

- Roth IRAs;
- IRAs;
- The exclusion for gain on the sale of a principal residence;
- Trade or business expenses;
- Travel expenses;
- Meals and entertainment expenses;
- The maximum deferral amount of government employees' deferred compensation plans;
- The deduction for health insurance costs of self-employed taxpayers;
- Medical and dental expenses;
- Annuities;
- Health savings accounts;
- Employer-provided health insurance coverage;
- Amounts received by an employee under a health and accident plan; and
- Contributions to qualified tuition programs.

See TIRs 98-8, 02-11, 02-18, 07-4 and 09-21 for further details.

On December 22, 2017, Public Law 115-97, commonly known as the Tax Cuts and Jobs Act (TCJA), was signed into law. The TCJA provides for federal changes to a variety of provisions in the IRC that affect the personal income tax. The following explains some of the Massachusetts personal income tax treatment of various changes in the TCJA.

Internal Revenue Code Provisions Massachusetts Adopts

Certain Combat Zone Compensation (IRC § 112)

Compensation received by certain military personnel for services performed in designated combat zones is excluded from federal gross income. Under the TCJA, the Sinai Peninsula of Egypt is treated as a combat zone as of June 9, 2015 for purposes of IRC § 112. Massachusetts adopts this change because of the way in which Massachusetts conforms to IRC § 112.

Entertainment Business Expenses (IRC § 274)

For tax years beginning before 2018, 50% of certain entertainment expenses incurred in the course of business were deductible. Entertainment expenses are no longer allowed as a federal deduction. Massachusetts adopts this change as Massachusetts follows the current IRC in effect for trade or business expenses under IRC § 62(a)(1).

Employee Business Expense Deductions (IRC § 67(a))

Beginning with the 2018 tax year, miscellaneous itemized deductions that are subject to the 2% adjusted gross income limitation are suspended. Deductions that are suspended include expenses:

- For travel, meals and lodging while away from home, or expenses for transportation paid or incurred by the taxpayer in connection with the performance of services as an employee; or
- That are attributable to a trade or business carried on by the taxpayer, if such trade or business consists of the performance of services by the taxpayer as an employee, are no longer allowed as federal deductions.

Massachusetts adopts these changes because Massachusetts does not allow these deductions unless they are itemized deductions on a federal return under MGL ch 62, § 2(d)(2).

Qualified Charitable Distribution from an IRA (IRC § 408(d)(8))

Under IRC § 408(d)(8), taxpayers age 70½ or greater are allowed to make tax-free distributions from traditional and Roth IRAs to qualified charities not to exceed $100,000 per tax year. Massachusetts adopts this federal exclusion, as IRC § 408(d)(8) is adopted by Massachusetts on a current Code basis.

Election to Expense Certain Depreciable Business Assets (IRC § 179)

Expense amounts related to depreciable property that can be deducted as a trade or business expense are increased for certain types of property, such as sport utility vehicles and real property. Massachusetts adopts this change as Massachusetts follows the current IRC in effect for trade or business expenses under IRC § 62(a)(1).

Interest Expense Deduction Limitations (IRC § 163(j))

Beginning with the 2018 tax year, a trade or business deduction for net business interest in a given taxable year is now limited to 30% of adjusted taxable income, and the excess is carried forward. Massachusetts adopts this change as Massachusetts follows the current IRC in effect for trade or business expenses under IRC § 62(a)(1).

Gambling Losses (IRC § 165(d))

The deduction for gambling losses has been limited. For tax years beginning before 2018, a professional gambler could deduct all trade or business expenses incurred in gambling activities, and could deduct gambling losses up to the amount of gambling winnings. Under the TCJA, all deductions for both business expenses and losses are capped at the amount of winnings. Massachusetts adopts this change as Massachusetts follows the current IRC in effect for trade or business expenses under IRC § 62(a)(1). See TIR 18-14 for more information.

Eligible 529 Plan Expenses (IRC § 529)

New provisions allow 529 plan account funds to be used for elementary or secondary school expenses, up to $10,000 per year. Massachusetts adopts this change as Massachusetts follows the current IRC with respect to IRC § 529. See TIR 18-14 for more information.

Medical Expenses (IRC § 213)

Taxpayers are allowed a deduction for medical expenses for amounts that exceed a certain percent threshold of their federal adjusted gross income. Under the TCJA, the threshold was decreased from 10% to 7.5% of federal adjusted gross income for the 2018 tax year. The deduction is available only to those taxpayers who itemize their deductions. Taxpayers that take the standard deduction, which has been increased for 2018, are not eligible to take the deduction for medical expenses. Massachusetts adopts this change. Massachusetts allows a deduction for medical expenses under MGL ch 62, § 3B(b)(4) equal to the federal deduction only for taxpayers that itemize deductions on a federal return.

Contributions to Qualified ABLE Programs (IRC § 529A)

The TCJA made several changes to IRC § 529A including increasing the limitation for contributions from compensation of individuals with disabilities. Massachusetts adopts these changes as Massachusetts follows the current IRC with respect to IRC § 529A. See TIR 18-14 for more information.

Inclusion of GILTI in Gross Income; Dividend Treatment (IRC § 951A)

The TCJA added new IRC § 951A, which requires U.S. individual shareholders of a controlled foreign corporation (CFC) to include their pro rata share of the CFC's global intangible low-taxed income (GILTI) in federal gross income each year, starting with taxable years beginning after December 31, 2017. Massachusetts adopts this change as Massachusetts follows the current IRC with respect to IRC § 951A. In addition, GILTI income is treated as Part A dividend income under MGL c. 62.

Internal Revenue Code Provisions Massachusetts Does not Adopt

Deductions for Personal Exemptions (IRC § 151)

Personal and dependent exemption deductions are eliminated under the TCJA. Massachusetts does not adopt this change because Massachusetts law does not tie to the federal exemption amounts. Massachusetts law on dependent exemption deductions as provided in MGL ch 62, § 3 refers to the federal definition of dependents which remains in effect.

Moving Expense Deduction (IRC § 217)

For tax years beginning before 2018, if you moved due to a change in your job or business location or because you started a new job or business, you can deduct reasonable unreimbursed moving expenses if you meet all of the following requirements:

- Your move was closely related to the start of work;
- You meet a distance test; and
- You meet a time test.

Under the TCJA, a deduction for moving expenses is no longer allowed except for certain members of the Armed Forces. Massachusetts does not adopt this change. A deduction for moving expenses continues to be allowed if the above requirements are met as Massachusetts follows IRC § 217 in effect as of January 1, 2005. See TIR 18-14 for more information.

Moving Expense Reimbursement (IRC § 132(g))

For tax years beginning before 2018, moving expense reimbursements made to employees by their employers were not included in federal gross income. Moving expense reimbursements made to employees, other than certain members of the Armed Forces, by their employers are now included in federal gross income. Reimbursements will be included in employee wages. Massachusetts does not adopt this change as Massachusetts follows the IRC in effect as of January 1, 2005 on this issue. See TIR 18-14 for more information.

Bonus Depreciation Deduction (IRC § 168(k))

Various changes were made to the provisions in IRC 168(k) related to bonus depreciation. Massachusetts does not adopt any of these changes as Massachusetts specifically disallows the bonus depreciation deduction under MGL ch 62, § 2(d)(1)(N).

Qualified Business Income Deduction (IRC § 199A)

Under the TCJA, a new deduction is allowed for 20% of qualified business income earned in a qualified trade or business, subject to certain limitations. Although Massachusetts follows current IRC § 62(a)(1) in effect for trade or business expenses, the TCJA specifically excludes the deduction in IRC § 199A from IRC § 62(a)(1). Therefore, Massachusetts follows the IRC in effect as of January 1, 2005 on this issue and does not adopt the change. See TIR 18-14 for more information.

Income from Discharge of Indebtedness (IRC § 108(f)(5))

The exclusion from federal gross income for amounts discharged from certain student loan debt is broadened to include discharges on account of death and disability. Massachusetts does not adopt this change as Massachusetts follows IRC § 108 in effect as of January 1, 2005.

Excess Business Loss Deduction (IRC § 461(l))

For non-corporate taxpayers, business losses in excess of certain thresholds are now capped in a taxable year, with the remainder carried forward as a net operating loss. Massachusetts does not adopt this change as Massachusetts follows the IRC in effect as of January 1, 2005 on this issue. See TIR 18-14 for more information.

Qualified Equity Grant Programs (IRC § 83(i))

For tax years beginning before 2018, amounts from non-qualified stock options and restricted stock units were included in federal gross income at the time they were exercised or deemed transferred. New provisions allow taxpayers to elect to defer income from this type of stock for up to 5 years. Massachusetts does not adopt this change. Amounts from these types of options continue to be included in Massachusetts gross income in the year exercised or deemed transferred as Massachusetts follows the IRC in effect as of January 1, 2005 on this issue. See TIR 18-14 for more information.

Alimony Income (IRC § 61(a))

Under the TCJA, alimony will no longer be deductible by the payor or includable in federal gross income by the recipient for divorce or separation instruments signed after December 31, 2018. Massachusetts does not adopt this change. Alimony will continue to be deductible by the payor and included in Massachusetts gross income of the recipient, as Massachusetts follows the IRC in effect as of January 1, 2005 on this issue. See TIR 18-14 for more information.

Like–Kind Exchanges (IRC §1031)

Under the TCJA, beginning in 2018 like–kind exchange treatment is limited to real property. All other property, including personal property and intangible property, is no longer eligible for the deferral of gain provided by IRC §1031. Massachusetts does not adopt this change for purposes of the personal income tax, as Massachusetts follows the IRC in effect as of January 1, 2005 on this issue. See TIR 18-14 for more information.

Privacy Act Notice

Under the authority of 42 U.S.C. § 405(c)(2)(c)(i), and MGL ch 62C, § 5, the Department of Revenue (DOR) has the right to require a taxpayer to furnish his Employer Identification number and/or Social Security number, as the case may be, on a state tax return. This information is mandatory. DOR uses these numbers for taxpayer identification, to assist in processing and keeping track of returns, and in determining and collecting the proper amount of tax due. Under MGL ch 62C, § 40, the taxpayer's identifying number is required to process a refund of overpaid taxes. Although tax return information is generally confidential pursuant to MGL ch 62C, § 21, DOR may disclose return information to other taxing authorities and those entities specified in MGL ch 62C, §§ 21, 22, or 23, and as otherwise authorized by law.

Common Form 2 Mistakes

An incomplete or incorrect return can delay processing of your return. Below are tips to help us process your return as quickly as possible.

Incorrect Computation

Many returns must be corrected by DOR each year due to simple errors in computation. Before mailing your return, check your arithmetic to make sure the computations are correct.

Filing Status

Be sure to select the correct oval for filing status. This requirement is frequently overlooked.

Fiscal Year

Clearly mark tax return "Fiscal Year" if applicable.

Missing Withholding Statement(s)

Make certain the state copy of all Forms W-2 (Wages), W-2G (Winnings), and 1099-G, or 1099-R that show Massachusetts income tax withheld are enclosed. These forms are frequently missing and must be obtained from you later in order to process the return.

Missing Supporting Schedules

Make sure you have enclosed all required schedules to support the information on your Form 2. These include Schedules B, B/R, C, C-2, CMS, CRS, D, E, H, IDD, OJC and 2K-1 of Massachusetts Form 2. We cannot process your return without these schedules.

Credits — Missing Certificate or Other Identification Numbers and/or Supporting Schedules

Make sure you have included all required certificate or other identification numbers and/or schedules to support the credits you are claiming. Failure to include certificate or other identification numbers and/or schedules will result in the credit being disallowed on your tax return and an adjustment of your reported tax.

Missing Signatures

Thousands of unsigned forms and other documents are received by DOR every year. These forms must be returned to taxpayers for signatures. Make sure signatures are on the correct lines.

Definitions

Complex Trust

Any trust that, for any given taxable year, does not qualify as a simple trust, as defined below. Complex trusts are governed by §§ 661 and 662 of the IRC.

Grantor Trust

Under MGL ch 62, § 10(e), if the grantor or another person is treated as the owner of any portion of a trust by reason of the provisions of §§ 671 to 678, inclusive, of the IRC, the trust is a grantor trust and its income is taxable to the grantor or such other person, not to the trust.

Massachusetts Source Income

Gross income derived from or effectively connected with: (1) any trade or business, including any employment carried on by the taxpayer in the Commonwealth, regardless of where or when the income is received; (2) the participation in any lottery or wagering transaction within the Commonwealth; or (3) the ownership of any interest in real or tangible personal property located in the Commonwealth. Gross income derived from or effectively connected with any trade or business, including any employment, carried on by the taxpayer in the Commonwealth includes: gain from the sale of a business or of an interest in a business; distributive share income; separation, sick, or vacation pay; deferred compensation and nonqualified pension income not prevented from state taxation by the laws of the United States; and income from a covenant not to compete.

Nonresident Estate

An estate of a deceased non-Massachusetts resident. A nonresident estate is subject to the taxing jurisdiction of Massachusetts to the extent it earns Massachusetts source income. In other words, the income of a nonresident estate is taxable to the extent it would be taxable to a nonresident individual.

Nonresident Trust

A trust that earns Massachusetts source income and that is:

- A trust under the will of a decedent who was a non-Massachusetts resident at death;
- A trust all of whose trustees are nonresidents; or
- A trust all of whose grantors are nonresidents at the time of the creation of the trust or at any time during the year for which the income is computed. These conditions must be met in order to subject the trust to the taxing jurisdiction of Massachusetts.

Qualified Settlement Fund

A qualified settlement fund as defined in IRC § 468B(g) and Treas. Reg. § 1.468B-1 et seq. See also LR 08-7.

Resident Estate

An estate of a deceased Massachusetts resident.

Resident Trust

A resident trust may be one of two types. It may be a testamentary trust — a trust under the will of an individual who died an inhabitant of Massachusetts. Alternatively, it may be an inter vivos trust — a trust created during the life of the grantor. To subject an inter vivos trust to the taxing jurisdiction of Massachusetts, the following conditions must exist: the trustee or other fiduciary, or at least one of them, is a Massachusetts inhabitant, and:

- The grantor, or at least one of them, was a Massachusetts inhabitant when the trust was created; or
- The grantor, or at least one of them, resided in Massachusetts during any part of the year for which the income is computed; or
- The grantor or at least one of them, died a Massachusetts inhabitant.

Simple Trust

A trust that is required to distribute all of its income currently, may not make distributions of principal, and does not provide for charitable contributions. Simple trusts are governed by §§ 651 and 652 of the IRC.

Unascertained Persons

A class of persons who cannot be identified with certainty until the happening of a specified event. The term also applies to those of a class who fulfill some special qualification. It is the trust termination provisions that determine whether a remainder interest is ascertained or not. For example, if the termination provisions read "income to X for life, remainder to Y, if living, or, if not, to Y's estate," the remainder interest is vested in Y and is not unascertained. However, if they read "to X for life, remainder to Y, if living, or, if not, to Y's issue then living," the remainder interest is not vested in Y or Y's issue and is unascertained because it cannot be known for certain who will take the remainder interest until X's death. In the latter case, gains realized by the trust will be deemed to be income accumulated for the benefit of unascertained persons and taxable in full to the trust.

Uncertain Interest

A type of future interest such as a contingent remainder or a vested remainder subject to being cut off upon the happening of a contingency. In determining whether a person has an uncertain interest, a remainder interest in a trust that is vested and not subject to being divested by the happening of any contingency expressly mentioned in the trust instrument is not classified as an uncertain interest. Any other type of future interest is an uncertain interest.

Common Questions

Once Massachusetts Jurisdiction is Established, to Whom is the Income Taxable? Resident Estate or Trust

When income of a resident estate or trust subject to the taxing jurisdiction of Massachusetts is being accumulated for a Massachusetts beneficiary(ies), unborn persons, unascertained persons, or persons with uncertain interests, such income is taxable to the estate or trust. Otherwise, income from such resident estate or trust includable in the federal gross income of a beneficiary(ies) by reason of IRC §§ 652 and 662 is taxable to the beneficiary(ies).

Nonresident Estate or Trust

When Massachusetts source income of a nonresident estate or trust is being accumulated, such income is taxable to the estate or trust regardless of whether it is being accumulated for a Massachusetts beneficiary(ies), non-Massachusetts beneficiary(ies), unborn persons, unascertained persons, or persons with uncertain interests. Massachusetts source income of a nonresident estate or trust includable in the federal gross income of a Massachusetts or non-Massachusetts beneficiary(ies) by reason of IRC §§ 652 and 662, however, is taxable in Massachusetts to the beneficiary(ies). All other income of a nonresident estate or trust, i.e., all non-Massachusetts source income, is taxable to a Massachusetts beneficiary(ies) if he receives it.

Who Must File a Massachusetts Fiduciary Return?

Every executor, administrator, trustee, guardian, conservator, trustee in a noncorporate bankruptcy or receiver of a trust or estate that received income in excess of $100 that is taxable under c. 62 at the entity level or to a beneficiary(ies) and that is subject to Massachusetts jurisdiction must file a Form 2.

What Other Forms Must Be Filed?

All applicable U.S. schedules, forms and enclosures must be filed with Form 2. A copy of U.S. Schedule K-1 must be enclosed in all cases where a deduction is taken for the payment of income to a nonresident. DOR has developed an extensive information exchange program that includes the following forms:

- Form 1, Resident Income Tax Return;
- Form 1-NR/PY, Nonresident/Part-Year Resident;
- Form M-1310, Statement of Claimant to Refund Due on Behalf of Deceased Taxpayer;
- Form 2, Fiduciary Income Tax Return; and
- Form M-706, Estate Tax Return. Discrepancies and nonfilings, except those allowed under Massachusetts law, will be identified and may result in an audit or further investigation.

When is Form 2 Due?

The 2018 Form 2 is due on or before April 17, 2019.

Fiscal Year Filers

If permission has been granted to file on a fiscal year basis, the return is generally due on or before the 15th day of the fourth month after the close of the fiscal year. Prior consent must be requested in order to file a return on a fiscal year basis. An application can be made on Form 13. Fiduciaries failing to obtain prior consent will be placed on a calendar year basis.

Short Year and Fiscal Year Filers

Fiscal year filers whose fiscal year begins in 2018 and ends in 2019 should file the 2018 Form 2 return. 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 using the tax form for the calendar year in which the short year begins. If the appropriate form is not available at the time the short year filer must file, the filer should follow the rules explained in TIR 11-12.

What If I Am Unable to Pay?

If you are unable to pay the full amount of tax that you owe, you should pay as much of your tax liability as possible with your return. You will receive a bill from DOR for the remaining amount of tax due plus accrued interest and penalty charges. If the amount of the bill is less than $10,000 and you still cannot pay it in full, you must apply formally to DOR for a small payment agreement in order to avoid collection activity. Setting up a small payment agreement will allow you to make monthly payments over a set period to meet your unpaid liability. You can apply for a small payment agreement by visiting mass.gov/MassTaxConnect.

Are Wholly Charitable Trusts/Private Foundations Required to File Form 2?

Funds held in trust for public charitable purposes are exempt from tax under MGL ch 62, § 3, if such income is currently payable to, or irrevocably set aside for, public charitable purposes. Trustees of wholly charitable trusts, i.e., trusts with no noncharitable interests, are required to file a Form 2, however, even though such trusts' taxable income may be 0. Trustees of split-interest trusts, e.g., pooled income funds, charitable remainder annuity trusts, and charitable remainder unitrusts, are to file a Form 2G, not Form 2.

What Deductions and Exemptions Are Allowable on the Guardianship/ Conservatorship Form 2?

Every deduction and exemption that an individual is entitled to take on Form 1 may be claimed by a guardian or conservator on behalf of a ward on Form 2. Supporting documentation must be enclosed, including all applicable schedules from U.S. Form 1040, e.g., Schedule A, Itemized Deductions, if claiming the medical expense exemption. Generally, deductions may be used only against 5.1% income. See Schedule C-2 for the limited circumstances under which deductions may be applied against interest (other than interest from Massachusetts banks), dividends, and capital gain income.

Any deduction or exemption claimed must be entered first on Schedule IDD, line 3, and then on line 8, line 13, and line 18, as appropriate; lines typically used by an estate or trust to claim an income distribution deduction. Such deduction is not allowable to a guardianship or conservatorship, however, thus, these lines are available to a guardian or conservator for claiming deductions and exemptions on behalf of a ward. Any deduction or exemption claimed must be explained via a supporting statement enclosed with the Form 2. The preprinted language on Schedule IDD, lines 3, 8, 13 and 18 should be crossed out and the words "see supporting statement" should be added.

Should I Be Making Estimated Tax Payments?

Generally, every fiduciary receiving income taxable at the entity level must make estimated tax payments on Massachusetts Form 2-ES, if the entity expects to owe more than $400 in taxes for the taxable year. Estimated tax payments made by a fiduciary on behalf of a beneficiary of a pooled in- come fund, charitable remainder annuity trust, charitable remainder unitrust, or on behalf of a non-resident grantor of a grantor-type trust or a nonresident entity beneficiary that is a trust or other entity also must be made on Form 2-ES. Fiduciaries required to deduct and withhold payments under MGL ch 62, § 10(g) on behalf of a nonresident individual beneficiary, in contrast, must make estimated tax payments on the beneficiary's behalf on Form 1-ES. For more information, see DOR Directive 07-4. Fiduciaries filing Form 2 with total net taxable income of $50,000 or more must make all estimated tax payments by electronic means. Fiduciaries with income less than the above cited threshold may make payments electronically as well, but are not required to.

Generally, the first payment voucher must be filed on or before April 15 of the taxable year. The estimated tax may be paid in full with the first payment voucher or in four installments on or before April 15, June 15, September 15 of the taxable year, and January 15 of the following year. Fiscal year taxpayers must file their first payment voucher on or before the 15th day of the fourth month of the fiscal year. The estimated tax may be paid in full with the first payment voucher or in four equal installments on or before the 15th day of the fourth, sixth, and ninth months of the fiscal year, and the 15th day of the next fiscal year. Be sure to use the appropriate voucher for each payment and fill in the tax year and date. Whenever a due date falls on a Saturday, Sunday, or legal holiday, the filing and payment may be made on the next succeeding business day.

Fiduciaries who underpay or fail to pay their estimated taxes may incur a penalty. Form M-2210F, Underpayment of Massachusetts Estimated Income Tax for Fiduciaries, is used to compute the additional charge. Finally, a resident beneficiary subject to tax at the beneficiary level pursuant to MGL ch 62, § 10 (h) must make estimated tax payments on his distributable share of the estate or trust income. Such payments are to be made on Massachusetts Form 1-ES. For more information, see DOR Directive 07-4.

Can Unused Capital Losses be Passed Through to Beneficiaries?

Unused capital losses of an estate or trust are allocable to the estate's or trust's corpus and can be used by the estate or trust itself in future years. These losses cannot be passed through to beneficiaries, even in the year of termination.

Does Massachusetts Have a 65-Day Election?

No. In determining the amount paid, credited, or otherwise required to be distributed to a beneficiary (lines 3, 8, 13, and 18 of Schedule IDD, Income Distribution Deduction), Massachusetts has not adopted the 65-day election available to estates and complex trusts federally under IRC § 663(b). Therefore, any distribution or portion thereof to a beneficiary made within the first 65 days following the close of the 2018 taxable year, treated federally as having been distributed in 2018, is to be treated for Massachusetts purposes in 2018 as accumulated income and is taxable at the estate or trust level, with one exception. Non-Massachusetts source income accumulated for a vested nonresident beneficiary is not taxable at the estate or trust level, but is deductible on Form 2, lines 12, 19, 28, or 36, as applicable. Moreover, any distribution or portion thereof to a beneficiary made within the first 65 days following the close of the 2018 taxable year will be treated in the year of distribution, i.e., 2018 as a tax free distribution.

Does Massachusetts Offer Simplified Filing and Reporting Options to Grantor Trusts Similar to the Filing and Reporting Options Available Federally Pursuant to Treasury Regulations § 1.671-4?

Generally, the fiduciary of a grantor trust is required to file with DOR an informational return, Form 2G, along with a schedule indicating the items of income, deductions, and credits against tax attributable to the trust that are treated as owned by and taxable to the grantor/owner. Additionally, the fiduciary must give a copy of the schedule to the grantor/owner, who is required to report the income, deductions, and credits reported on the schedule on his Massachusetts individual income tax return.

Notwithstanding the above, similar to one of two reporting options offered federally under Treasury Regulations § 1.671-4, no Form 2G will be required to be filed with DOR by the fiduciary of a grantor trust as long as the following three requirements are met:

- The grantor trust has only one owner, a Massachusetts resident;
- That owner is also the trustee or co-trustee of the trust; and
- The trustee has provided all payors of trust income the name and taxpayer identification number of the grantor and the address of the trust.

Does the Pass-Through Entity Withholding Program Apply to Estates and Trusts?

Although the term pass-through entity, as used in the pass-through entity withholding program, applicable to most pass-through entities and their non-resident members or beneficiaries, which Massachusetts adopted for tax years beginning on or after January 1, 2009, refers to an entity whose income, loss, deductions, and credits flow through to members or beneficiaries for Massachusetts tax purposes, such as estates and trusts not taxed at the entity level, most estates and trusts are not required to participate in the pass-through entity withholding program because they are required to withhold under other Massachusetts provisions. See, e.g., MGL ch 62, § 10(g), requiring trusts and estates to withhold or make estimated payments on payments to nonresidents, including nonresident grantors of grantor trusts. For more information on the applicability of the pass-through entity withholding program to trusts and estates, see the *Guide for Pass-Through Entities, Including Registration Information*. See also 830 CMR 62B.2.2, Pass-Through Entity Withholding.

Who is a Designated Tax Matters Partner?

General Laws C. 62C, § 24A, established a unified audit, assessment, and appeal procedure for pass-through entities (partnerships, S corporations, and certain trusts) that is completely separate from regular audit procedures. Individual members may, however, elect not to participate in the separate unified audit procedure. The tax matters partner (TMP) is the individual designated by the pass-through entity to act as its representative to DOR during the unified audit process. During the unified audit, the TMP has the authority to request a settlement, to agree to extend the statute of limitations, to request a conference, and to appeal a determination of pass-through entity items. For further discussion, see 830 CMR 62C.24A.1 and TIR 13-15.

Line items without specific instructions are considered to be self-explanatory.

Name of Estate or Trust

Enter the exact legal name of the entity. If an estate or trust, refer to the governing instrument. Other fiduciaries should use the exact legal name as their appointing court ruled.

Estate or Trust Employer Identification Number

Enter the U.S. Employer Identification Number. If you do not have one, U.S. Form SS-4, Application for Employer Identification Number, should be used to apply for one. Do not use a decedent's Social Security number for an estate. A separate Employer Identification Number is required for the estate and for each trust entity.

Name and Title of Fiduciary

Enter the exact legal name and title of the fiduciary. In case of multiple fiduciaries, one name is sufficient.

Mailing Address of Fiduciary

Enter the mailing address of the fiduciary listed on the first line.

Care/of Address

If the mailing address is the address of a legal firm or of a person other than the fiduciary, that person or firm should be listed on the c/o line.

Company Account Number

If applicable, enter the company account number your firm has assigned to this entity.

Date Entity Created

Enter the date the trust was created. If filing a return for an estate, enter the date of death. All other fiduciaries should enter the date of appointment.

Filing Status

Select all applicable ovals. For example, if you are filing a first year return for an estate, select the ovals for "Decedent's Estate" and "Initial Return."

If filing on a fiscal year basis, enter your fiscal year's beginning and ending dates in the appropriate boxes at the top of the return. If you have elected to file as a Qualified Funeral Trust (QFT) on U.S. Form 1041-QFT, select the oval for "Qualified Funeral Trust." If you file a composite Form 1041-QFT, you may also file a composite Form 2. Select the oval for "Qualified Funeral Trust" and write "Composite QFT" across the top of the return. You must enclose a schedule with a Composite QFT Form 2 that includes the following information for each QFT (or separate interest treated as a separate QFT):

- The name of the owner or the beneficiary (if you list the name of the owner and that trust has more than one beneficiary, you must separate the trust into shares held by the separate beneficiaries);

- The type and gross amount of each type of income earned by the QFT for the tax year (for long-term capital gains, identify separately the amount of capital gain by holding period);
- The type of each deduction allocable to the QFT;
- The tax and payments made for each QFT; and
- If the QFT was terminated during the year, give the date of termination.

Schedule TDS. Inconsistent Filing Position Penalty

Fill in the oval and enclose Schedule TDS, Taxpayer Disclosure Statement, if you are disclosing any inconsistent filing positions. Schedule TDS is available on the DOR website at mass.gov/dor. The inconsistent filing position penalty (see TIR 06-5, section IV) applies to taxpayers that take an inconsistent position in reporting income. These taxpayers must disclose the inconsistency when filing their Massachusetts return. If such inconsistency is not disclosed, the taxpayer will be subject to a penalty equal to the amount of tax attributable to the inconsistency. This penalty is in addition to any other penalties that may apply. A taxpayer is deemed to have taken an inconsistent position when the taxpayer pays less tax in Massachusetts based upon an interpretation of Massachusetts law that differs from the position taken by the taxpayer in another state where the taxpayer files a return and the governing law in that other state is the same in all material respects as the Massachusetts law. The Commissioner of Revenue may waive or abate the penalty if the inconsistency or failure to disclose was attributable to reasonable cause and not willful neglect.

Filing an Amended Return

If you need to change a line item on your return, complete a new return with the corrected information and fill in the "Amended return" oval. An amended return can be filed to either increase or decrease your tax. Generally, an amended return must be filed within three years of the date that your original return was filed. See TIR 16-13 for more information on the amended return process.

Federal Changes

If your amended return includes changes you have reported on an amended federal return filed with the IRS for the same tax year, fill in the "Amended return due to federal change" oval.

If your amended return does not report changes that result from the filing of a federal amended return or from a federal audit, fill in only the "Amended return" oval.

Consent to Extend the Time to Act on an Amended Return treated as Abatement Application

In certain instances, an amended return showing a reduction of tax may be treated by DOR as an abatement application. Under such circumstances, by filing an amended return, you are giving your consent for the Commissioner of Revenue to act upon the abatement application after six months from the date of filing. See TIR 16-11. You may withdraw such consent at any time by contacting the DOR in writing. If consent is withdrawn, any requested reduction in tax will be deemed denied either at the expiration of six months from the date of filing or the date consent is withdrawn, whichever is later.

Filing an Application for Abatement

File an Application for Abatement only to dispute an audit assessment or to request an abatement of penalties.

For the fastest response time, file your dispute online at mass.gov/masstaxconnect. If you are not required to file electronically or you cannot file online, use Form ABT (Application for Abatement).

Visit mass.gov/dor/amend for additional information about filing an amended return, or filing an application for abatement. See also TIR 16-13.

Member of a Lower-Tier Entity

A tiered structure is a pass-through entity that has a pass-through entity as a member. Pass-through entity refers to an entity whose income, loss, deductions and credits flow through to members for Massachusetts tax purposes, and includes estates and trusts not taxed at the entity level. Member includes beneficiaries of a pass-through entity. As between two entities, the pass-through entity that is a member is the uppertier entity, and the entity of which it is a member is the lower-tier entity. If the estate or trust is a member of another pass-through entity, it should answer Yes to this question.

Line Instructions

Part B Income

Line 1. Wages, Salaries, Tips, Other Employee Compensation

Enter wages, salaries, tips, and other compensation earned and received, and, if applicable, enter the amount reported as Massachusetts wages on Form W-2. For a decedent's estate, income in respect of a decedent is taxed on Form 2, line 1, in addition to being taxed on the Form M-706, Massachusetts Estate Tax Return, as an asset of the estate. Income in respect of a decedent is income the decedent had a right to receive prior to his date of death, but payment of which was made to the estate after the date of death. Wages, salaries, or other forms of compensation, including any fixed sum amount attributable to services rendered prior to the decedent's death, are to be included on line 1.

Line 2. Taxable Pensions and Annuities

Income from most private pension or annuity plans is taxable in Massachusetts; however, income from a contributory annuity, pension, endowment or retirement fund of the U.S. government, the Commonwealth of Massachusetts or its political subdivisions, or any noncontributory pension or survivorship benefits from the United States uniformed services (Army, Navy, Marine Corps, Air Force, Coast Guard, commissioned corps of the U.S. Public Health Service and National Oceanic and Atmospheric Administration) is exempt. Massachusetts allows a deduction for contributory pension income received from another state or one of its political subdivisions that does not tax such income from Massachusetts or its political subdivisions. For guidelines on determining which state pensions are exempt in Massachusetts, see TIR 95-9. Enter the fully taxable amounts received from pension or annuity plans on line 2. Amounts distributed from an IRA or Keogh plan should also be reported on line 2.

Line 3. Business/Profession or Farm Income or Loss

Enter on line 3 the amount of income or loss from a business or profession from Massachusetts Schedule C, line 31 or 33. Also, enclose Massachusetts Schedule C with this return.

Note: U.S. Schedules C or C-EZ are no longer allowed as a substitute for the Massachusetts Schedule C.

For entities engaged in operating a farm business, enter on line 3 the amount of income or loss from operating such business from U.S. Schedule F, line 34. Enclose a copy of U.S. Schedule F. Additionally, complete and enclose a pro-forma U.S. Schedule F to report Massachusetts differences, if any, such as bonus depreciation.

Line 4. Rental, Royalty and REMIC Income or Loss

Rental, Royalty, and Real Estate Mortgage Investment Conduit (REMIC) residual income are generally taxable in Massachusetts. Enter the amount from Massachusetts Form 2, Schedule E, line 4. Enclose Massachusetts Schedule E. Enter and explain any differences between total rental, royalty, and REMIC income on the U.S. Schedule E and the Massachusetts Schedule E. Possible differences include part-year residency, trust provisions, deductible royalties from approved U.S. energy conservation plants, passive losses, and "bonus" depreciation. See the Massachusetts Schedule E instructions for further details of possible differences in reporting rental, royalty, and REMIC income or loss.

Line 5. Interest from Massachusetts Banks

Enter in line 5 the total amount of interest received or credited to deposit accounts (term and time deposits, including certificates of deposit, savings accounts, savings shares, and NOW accounts) in all savings banks, cooperative banks, savings and loan associations, or credit unions located in Massachusetts. All other interest, unless exempt, should be entered on Schedule B, line 1.

Line 6. Other 5.1% Income

Other 5.1% income not reported elsewhere must be included here. Items reported here include: partnership and S corporation income or loss; gambling winnings from lotteries, raffles, races or other events of chance, wherever held; fair market value of prizes and awards; lump-sum distributions from qualified employee benefit plans in excess of employee's contributions; and any other miscellaneous income. Income received by a Massachusetts trust or estate from sources not previously subject to Massachusetts jurisdiction or taxed in Massachusetts is reportable on the Form 2 as follows. Sources not previously subject to Massachusetts taxation include non-Massachusetts estates, trusts, and partnerships, wherever located. Enter the income or loss from these entities on the appropriate lines on Form 2 and Schedule D, according to the character and source of income. If no other line applies, enter the income or loss from these entities on line 6 of Form 2.

Line 8. Deductions Allowed Decedents

The amount of any deduction attributable to a decedent that is not properly allowable to the decedent as a deduction on the income tax return for the taxable period in which his death occurs, or any prior period, shall be specifically allowed as a deduction on this line, provided the estate of the decedent is liable to discharge the obligation for which the deduction relates. The following deductions are allowed if attributable to the decedent and paid after the decedent's date of death (enclose a copy of Form 1 or 1-NR/PY):

- Amounts paid into Social Security (FICA), Railroad, U.S. or Massachusetts Retirement Systems are deductible up to a maximum of $2,000. Payments to an IRA, Keogh, Simplified Employee Pension Plan (SEP), or Savings Incentive Match Plan for Employees (SIMPLE) Account are not deductible.

- Amounts paid to someone to care for one (or more) qualified child under age 13, or for a disabled dependent(s), or spouse so that the decedent could work or look for work, are deductible as an employment related expense up to a maximum of $4,800 if there is one qualifying individual or $9,600 if there are two or more qualifying individuals.

- A deduction of $3,600 for one or $7,200 for two or more dependent members of the decedent's household under age 12, or dependent age 65 or over (not the decedent or his spouse), or disabled dependent at the close of the taxable year in which the decedent's death falls. This deduction may only be claimed as long as the employment-related expense deduction discussed above is not claimed.

- Amounts paid for rent for the decedent's principal residence are deductible equal to 50% of the rent paid during the taxable year, up to a maximum of $3,000. Enclose a supplemental statement listing the landlord's name(s) and address(es), dates rented, and amount(s) of rent paid for each residence.

- The deduction for unreimbursed travel and transportation expenses incurred by any employee and unreimbursed gifts, entertainment, and other employee business expenses incurred by employees who solicit business for an employer away from the employer's place of business are allowed, but only if the decedent itemizes deductions on his U.S. income tax return and only for amounts that exceed 2% of U.S. adjusted gross income. The amount an employee is reimbursed for business expenses continues to be an allowable deduction.

- A penalty charge for early withdrawal of savings and interest is deductible but only if the interest that the penalty is related to is reported on Form 2.

- Amounts paid to a former spouse during the taxable year for alimony or separate maintenance pursuant to a court decree, or for excess alimony amounts recaptured, as reported on U.S. Form 1040, line 31a. Alimony payments specified as child support are not deductible.

- In addition, certain federal deductions are allowed including: interest payments due and paid on qualified student loans; qualified moving expenses paid or incurred with the commencement of work at a new principal place of work; business expenses of state and local government employees who are compensated on a fee basis; jury duty pay surrendered by the decedent to his employer; and contributions to a Medical Savings Account by the decedent as an employee of a small business or as a self-employed individual.

Line 10. Income Distribution Deduction

Enter on line 10 the amount reported on line 5 of Schedule IDD, Income Distribution Deduction.

Guardianships/Conservatorships

Enter on Schedule IDD, line 3 deductions and exemptions claimed on behalf of a ward. Any deduction or exemption claimed must be explained via a supporting statement enclosed with the Form 2. The preprinted language on line 10 should be crossed out and the words "see supporting statement" should be added.

Line 12. Nonresident/Charitable Deduction

With one exception, the deductions under MGL ch 62, § 3.B(a)(1) and (2) for Part B 5.1% income accumulated or irrevocably set aside for vested nonresident beneficiaries and or charities are allowed on line 12. Massachusetts source income accumulated for vested nonresident beneficiaries is not deductible on line 12 however, but is taxable at the fiduciary level.

Note: Amounts actually paid to vested nonresident beneficiaries and/or charities are not reportable on line 12. Rather, they are to be included as part of the income distribution deduction calculation and are thus reportable, as appropriate, on lines 2 through 5 of Schedule IDD, Part 1. Enter on line 12 the amount of Part B 5.1% income included on line 11 accumulated or irrevocably set aside for vested nonresident beneficiaries and or charities. Do not include on line 12 any Massachusetts source income accumulated for vested nonresident beneficiaries or any amounts actually paid to vested nonresident beneficiaries and or charities.

Part A Interest and Dividend Income

Line 14. Part A 5.1% Interest and Dividend Income

Enter amount from Form 2, Schedule B, line 39. See Schedule B instructions for detailed information. Complete and enclose Schedule B.

Line 15. Part A 5.1% Common Trust Fund Interest & Dividend Income

Enter the amount of Part A 5.1% interest and dividend income received from common trust funds, including any unrelated business taxable Part A 5.1% interest and dividend income.

Line 17. Income Distribution Deduction

Enter on line 17 the amount reported on line 10 of Schedule IDD, Income Distribution Deduction.

Guardianships/Conservatorships

Enter on Schedule IDD, line 8 deductions and exemptions claimed on behalf of a ward. Any deduction or exemption claimed must be explained via a supporting statement enclosed with the Form 2. The preprinted language on Schedule IDD, line 8 should be crossed out and the words "see supporting statement" should be added.

Line 19. Nonresident/Charitable Deduction

With one exception, the deductions under MGL ch 62, § 3.A(a)(1) and (2) for Part A 5.1% income accumulated or irrevocably set aside for vested nonresident beneficiaries and or charities are allowed on line 19. Massachusetts source income accumulated for vested nonresident beneficiaries is not deductible on line 19 however, but is taxable at the fiduciary level.

Note: Amounts actually paid to vested nonresident beneficiaries and/or charities are not reportable on line 19. Rather, they are to be included as part of the income distribution deduction calculation and are thus reportable, as appropriate, on lines 7 through 10 of Schedule IDD, Part 2. Enter on line 19 the amount of Part A 5.1% income included on line 18 accumulated or irrevocably set aside for vested nonresident beneficiaries and or charities. Do not include on line 19 any Massachusetts source income accumulated for vested nonresident beneficiaries or any amounts actually paid to vested nonresident beneficiaries and or charities.

Line 22. Tax from Table

Based upon the amount on line 21, find the proper amount of tax in the table and enter the tax on line 22. If line 21 is greater than $24,000, multiply the amount on line 21 by .051 and enter the result on line 22. You must use the tax table if line 21 is $24,000 or less.

Part A 12% Capital Gains

Line 23. Part A 12% Capital Gains

Enter amount from Form 2, Schedule B, line 40. See Schedule B instructions for detailed information. Complete and enclose Schedule B.

Line 24. Part A 12% Short-Term Common Trust Fund Capital Gains

Enter the amount of Part A 12% short-term capital gains received from common trust funds, including any unrelated business taxable Part A 12% short-term capital gain income.

Line 26. Income Distribution Deduction

Enter on line 26 the amount reported on line 15 of Schedule IDD.

Guardianships/Conservatorships

Enter on Schedule IDD, line 13 deductions and exemptions claimed on behalf of a ward. Any deduction or exemption claimed must be explained via a supporting statement enclosed with the Form 2. The preprinted language on Schedule IDD, line 13 should be crossed out and the words “see supporting statement” should be added.

Line 28. Nonresident/Charitable Deduction

With one exception, the deductions under MGL ch 62, § 3.A(a)(1) and (2) for Part A 12% capital gain income accumulated or irrevocably set aside for vested nonresident beneficiaries and or charities are allowed on line 28. Massachusetts source income accumulated for vested nonresident beneficiaries is not deductible on line 28 however, but is taxable at the fiduciary level.

Note: Amounts actually paid to vested nonresident beneficiaries and/or charities are not reportable on line 28. Rather, they are to be included as part of the income distribution deduction calculation and are thus reportable, as appropriate, on lines 12 through 15 of Schedule IDD, Part 3. Enter on line 28 the amount of Part A 12% capital gain income included on line 27 accumulated or irrevocably set aside for vested nonresident beneficiaries and or charities. Do not include on line 28 any Massachusetts source income accumulated for vested nonresident beneficiaries or any amounts actually paid to vested nonresident beneficiaries and or charities.

Part C 5.1% Capital Gains

Line 31. Part C 5.1% Long-Term Capital Gains

Enter amount from Form 2, Schedule D, line 18. See Schedule D instructions for detailed information. Complete and enclose Schedule D.

Line 32. Part C 5.1% Long-Term Common Trust Fund Capital Gains

Enter the amount of Part C 5.1% long-term capital gains received from common trust funds including any unrelated business taxable Part C 5.1% long-term capital gain income.

Line 34. Income Distribution Deduction

Enter on line 34 the amount reported on line 20 of Schedule IDD.

Guardianships/Conservatorships

Enter on Schedule IDD, line 18 deductions and exemptions claimed on behalf of a ward. Any deduction or exemption claimed must be explained via a supporting statement enclosed with the Form 2. The preprinted language on Schedule IDD, line 18 should be crossed out and the words “see supporting statement” should be added.

Line 36. Nonresident/Charitable Deduction

With one exception, the deductions under MGL ch 62, § 3.C(a)(1) and (2) for Part C 5.1% long-term capital gain income accumulated or irrevocably set aside for vested nonresident beneficiaries and or charities are allowed on line 36. Massachusetts source income accumulated for vested nonresident beneficiaries is not deductible on line 36 however, but is taxable at the fiduciary level.

Note: Amounts actually paid to vested nonresident beneficiaries and/or charities are not reportable on line 36. Rather, they are to be included as part of the income distribution deduction calculation and are thus reportable, as appropriate, on lines 17 through 20 of Schedule IDD, Part 4. Enter on line 36 the amount of Part C 5.1% long-term capital gain income included on line 35 accumulated or irrevocably set aside for vested nonresident beneficiaries and or charities. Do not include on line 36 any Massachusetts source income accumulated for vested nonresident beneficiaries or any amounts actually paid to vested nonresident beneficiaries and or charities.

Line 39. Credit Recapture

If any Brownfields Credit (BC), Economic Opportunity Area Credit (EOA), Farming and Fisheries Credit (FAF), Low-Income Housing Credit (LIH), or Historic Rehabilitation Credit (HR) property is disposed of or ceases to be in qualified use prior to the end of its useful life, the difference between the credit taken and the total credit allowed for actual use must be added back to the tax and reported on line 39. Complete and enclose Schedule CRS, Credit Recapture Schedule.

Line 40. Additional Tax on Installment Sale

An addition to tax applies for taxpayers who have deferred the gain, and the tax associated with that gain, on certain installment sales. This addition to tax is measured by an interest charge on the tax that has been deferred. Enter on line 40 an additional tax, measured by 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 MGL ch 62C, § 32A (a) and IRC § 453A (a)–(c).

Also, include on line 40 an additional tax amount measured by an interest charge 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 six 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 MGL ch 62C, § 32A (b) and IRC § 453(l)(2)(B). To the extent practicable, Massachusetts follows federal income tax rules in determining the deferred gain from installment sales subject to the interest-charge addition to tax. For more information visit DOR's website at mass.gov/dor and Internal Revenue Service Publication 537.

Line 42. Credit for Income Taxes Due to Other Jurisdictions

This credit is available to resident beneficiaries and to resident estates and trusts. It is not available to pooled income funds, charitable remainder annuity trusts, or charitable remainder unitrusts. If any of the income reported on this return is subject to taxation in another state or jurisdiction and you have filed a return and paid taxes in the other state or jurisdiction, complete the Taxes Due to Other Jurisdictions worksheet below and enter the amount of credit allowed from line 7 of the worksheet in line 42 of Form 2. Do not include taxes paid to the U.S. government or local or city taxes. The total credit calculated from the worksheet is the smaller of the amount of taxes due to other jurisdictions (net of certain adjustments) or the portion of your Massachusetts tax due on your gross income that is taxed in such other jurisdictions. Credit is not given for a property tax due to another jurisdiction on account of capital stock or property. This does not refer to a tax on gain or income from the sale of capital stock or property, as included on Form 2, Schedule B or D however. Credit is also not given for any interest and penalties paid on a tax due to another jurisdiction.

Note: When using this worksheet to calculate credit for Part A interest (other than interest from Massachusetts banks) and dividend income, Part A 12% capital gain income, or Part C 5.1% capital gain income, enter on line 1 such income taxed in another jurisdiction calculated as if it was earned in Massachusetts.

You must complete separate worksheets if you had Part B 5.1% income, Part A interest (other than interest from Massachusetts banks) and dividend income, Part A 12% capital gain income, or Part C 5.1% capital gain income taxed by another jurisdiction. If you use this worksheet to calculate a credit for Part A interest (other than interest from Massachusetts banks) and dividend income, Part A 12% capital gain income, or Part C 5.1% capital gain income, substitute such income for Part B 5.1% income on lines 1, 2, and 4. You must also substitute Form 2, Schedule B, line 9 and line 15 or Form 2, Schedule D, line 12, but not less than 0, for Form 2, line 7 on line 2 of the worksheet, and the total of Form 2, line 20 multiplied by .051 and Form 2, line 30 or line 38 for Part B 5.1% tax on line 4 of the worksheet.

Taxes Due to Other Jurisdictions

1. *Total Part B 5.1% income subject to tax in another jurisdiction . . . .*

2. *Total gross Part B 5.1% income (from Form 2, line 7)*

3. *Divide line 1 by line 2. Not greater than 1 . . . .*

4. *Massachusetts tax on Part B 5.1% income (Form 2, line 13 from tax table). If line 13 is more than $24,000, multiply by .051 . . . .*

5. *Multiple line 3 by line 4. .*

6. *Income tax paid on such income to other jurisdictions. If you are claiming a credit for tax due to Canada or a Province of Canada, the amount reported on this line must be reduced by the amount claimed as a foreign tax credit on U.S. Form 1041, Schedule G, line 2a. . . . . . .*

7. *Allowable credit. Enter the smaller of lines 5 or 6 here and in line 42 on Form 2 . . . .*

Note: Be sure to complete and enclose Schedule OJC, Income Tax Paid to Other Jurisdictions, and enter the two-letter state or jurisdictional postal code for each state or jurisdiction for which you are taking the credit. Taxpayers from a territory or dependency of the U.S., or the Dominion of Canada or any of its provinces, must enter "FC" as the postal code.

Line 43. Other Credits (from Schedule CMS)

Enter the total from Schedule CMS, Credit Manager Schedule. Do not include refundable credits in the total reported on this line. Be sure to enclose Schedule CMS with your return. Failure to do so will delay the processing of your return.

Credit Manager Schedule

You must complete Schedule CMS to claim most credits available for use in the current taxable year (the Earned Income, Limited Income and Circuit Breaker Tax credits are claimed directly on the tax return). Credits may be used to offset a tax due, may be passed or shared with another person or entity, or, in some cases credits may be fully or partially refundable. For each credit claimed on a Schedule CMS, report the amount of the credit

Schedule CMS, Example 1

2a. Credit type	2b. Period end date (mm/dd/yyyy)	2c. Certificate number	2d. Credit available or certificate balance	2e. Reduction in balance for refund	2f. Refundable credit taken (100% or 90%)
FLMCRD		0000000011	$10,000	$10,000	$9,000
CNSLND		1110000000	$ 1,000	$ 1,000	$1,000

The total of the amounts shown in column f are shown on the appropriate line of the taxpayer's return.

Schedule CMS, Example 2

1a. Credit type	1b. Fill in if non-expiring	1c. Period end date (mm/dd/yyyy)	1d. Certificate number	1e. Credit available or certificate balance	1f. Credit taken this year	1g. Credit shared this year
SEPTIC	○	12/31/2018		$6,000	$1,500	
LEAD PAINT	○	12/31/2018		$1,000	$1,000	

The Credit Manager Schedule will now also be used by individual taxpayers for certain credits. In Example 2, the taxpayer is an individual filing a return for the taxable year ending December 31, 2018 and has an available Septic Credit of $6,000 in the current year. Since this is the first year the taxpayer is claiming the Septic Credit, the individual taxpayer must also enclose a Schedule SC. The individual should file Part 1 of the Schedule CMS to reflect a claimed credit of $1,500 (Schedule SC, line 13).

available for use and the amount of credit claimed to reduce tax for the current taxable year. For pass-through entities, report the amount of credit distributed to partners/shareholders/beneficiaries in the credit shared column. Taxpayers also report the amount of a refundable credit they are using to request a refund of tax. See the 2018 Credit Manager Schedule Instructions for more information on how to complete the Schedule CMS and claim the credits.

Credits reported on the Schedule CMS are generally identified either by a certificate number assigned by the issuing agency (which may be DOR) or by the tax period end date in which the credit originated. If a credit has been assigned a certificate number, the certificate number must be included on the Schedule CMS. A taxpayer that does not include an assigned certificate number on the Schedule CMS will not be allowed the credit on the tax return and will have their tax liability adjusted by DOR. Be sure to omit hyphens, spaces, decimals and other special symbols when entering the certificate number. Also, enter the number from left to right.

Likewise, a taxpayer that is required to complete a separate schedule to claim a credit must include the separate schedule with the taxpayer's return filing. Failure to do so may result in the credit being disallowed.

If, by operation of MGL ch 63, § 32C or another provision of law, a credit normally identified by tax period end date is eligible for indefinite carryover, the credit should be reported as non-expiring and identification of the tax period of origin is not necessary.

Overview of Schedule CMS

The following is a brief overview of the Schedule CMS sections and where certain credits should be reported. If a taxpayer is using a credit to reduce a taxpayer's current year tax liability, whether it is a non-refundable credit or a refundable credit, the credit should be reported in Section 1 or 3 of the Schedule CMS. Only a refundable credit that the taxpayer is seeking a refund for should be reported in either Section 2 or 4 of the Schedule CMS. Generally, a credit should only be reported in one section on the Schedule CMS unless a portion of it is being used to offset a tax and a portion is being refunded.

Section 1. Non-Refundable Credits

This section is for reporting credits that are being used to offset tax or passed/shared with another person. Generally a taxpayer must report all available credits that the taxpayer is using to offset or reduce a tax, or passing to partners, shareholders, beneficiaries, or sharing with affiliates, in Section 1 of the Schedule CMS. The Brownfields Credit, Film Incentive Credit, or Medical Device Credit should always be included in Section 1, unless the taxpayer is requesting a refund of the Film Incentive Credit. However, a taxpayer that received a credit on a Massachusetts K-1 schedule from a pass-through entity or a credit transfer should report such credit in Section 3 or 4, as applicable.

Section 2. Refundable Credits

This section is for reporting refundable credits resulting in refund. Generally a taxpayer must report all available refundable credits that the taxpayer is using to request a refund in Section 2 of the Schedule CMS. The Film Incentive Credit should always be included in Section 2 to the extent that the taxpayer is requesting a refund. However, a taxpayer that received a refundable credit on a Massachusetts K-1 from a pass-through entity or a credit transfer should report such credit in Section 4, to the extent that the taxpayer is requesting a refund. For each refundable credit, report the amount of the credit available after taking into consideration any amount of the credits that may have been taken to offset a tax or shared as reported in Section 1 of this schedule. Enter the amount by which the available credit balance is being reduced and the amount to be treated as a refundable credit, which may be either 90% or 100% of the reduction. See TIR 13-6, Example 3, for an illustration.

Section 3. Non-Refundable Credits Received from Massachusetts K-1 Schedules

This section is for reporting credits that are received on a Massachusetts K-1 and are being used to offset tax or passed/shared with another person. Generally a taxpayer must report all available credits received on a Massachusetts K-1 from a pass-through entity or a credit transfer and that the taxpayer is using to offset or reduce a tax, or passing to partners, shareholders, beneficiaries, or sharing with affiliates, in Section 3 of the Schedule CMS. The Brownfields Credit, Film Incentive Credit, or Medical Device Credit should never be included in Section 3. This section shows the credit amounts received from pass-through entities or a credit transfer and used to reduce the total excise or tax, passed to partners/shareholders/beneficiaries, or shared with affiliates.

Note: You do not report the Brownfields Credit, Film Incentive Credit, and Medical Device Credit in this section because these credits are issued new certificate numbers from DOR when they are received from a pass-through entity or a credit transfer. These credits should always be reported in Section 1, unless the taxpayer is requesting a refund of the Film Incentive Credit.

Section 4. Refundable Credits Received from Massachusetts K-1 Schedules

This section is for reporting credits that are received on a Massachusetts K-1 and that are refundable credits resulting in refund. Generally a taxpayer must report all available refundable credits received on a Massachusetts K-1 from a pass-through entity or a credit transfer that the taxpayer is requesting a refund for in Section 4 of the Schedule CMS. The Film Incentive Credit should never be included in Section 4. For each refundable credit, report the amount of the credit available after taking into consideration any amount of the credits that may have been used to offset a tax or shared as reported in Section 3 of this schedule. Enter the amount by which the available credit balance is being reduced and the amount to be treated as a refundable credit, which may be either 90% or 100% of the reduction. See TIR 13-6, Example 3, for an illustration.

Note: You do not report the refundable Film Incentive Credit in this section because these credits are issued new certificate numbers from DOR when they are received from a pass-through entity or a credit transfer. If the taxpayer is requesting a refund of the Film Incentive Credit, it should be reported in Section 2.

List of Credit Names and Credit Codes

The following table identifies various credits that may be available to a taxpayer subject to tax under MGL ch 62 and that must be claimed on a Schedule CMS.

Credit name	*Credit type code*
Angel Investor Credit	*AGLCRD*
Brownfields	*BRWFLD*
Certified Housing	*CRTHOU*
Community Investment	*CMMINV**
Conservation Land	*CNSLND**
Dairy Farm	*DAIFRM**
EDIP	*EDIPCR**
Employer Wellness	*EMPWLL*
EOAC	*EOACCR*
Farming & Fisheries	*FRMFSH*
Film Incentive	*FLMCRD**
Harbor Maintenance	*HRBMNT*
Historic Rehabilitation	*HISRHB*
Investment Tax	*INVTAX*
Lead Paint	*LEDPNT*
Life Science (FDA)	*LFSFDA**
Life Science (ITC)	*LFSITC**
Life Science (Jobs)	*LFSJOB**
Life Science (RD)	*LFSRDC*
Low-Income Housing	*LOWINC*
Low-Income Housing Donation	*LIHDON*
Medical Device	*MEDDVC*

Research . . . . REARCH
Septic . . . . SEPTIC
Solar & Wind Energy. . . . . SLRWND
Vanpool. VANPOL
Veteran's Hire . . . . VETHIR

*These credits are potentially refundable.

Brief Summary of Available Credits on Schedule CMS

The following credits may be available to a taxpayer subject to tax under MGL ch 62 and must be claimed on Schedule CMS.

Angel Investor Credit

Taxpayers subject to tax under MGL ch 62 may be eligible for an Angel Investor Credit (AIC) equal to 20% of the amount of qualifying investments in a qualifying business, and 30% of the amount of qualifying investments made by a taxpayer investor in a qualifying business located in a gateway municipality, as defined in MGL ch 23A, § 3A. The taxpayer must be an accredited investor, as defined in 15 USC § 77b (15)(ii), who is not the principal owner of the qualifying business and who is not involved in the qualifying business as a full-time professional activity. For purposes of the AIC, a taxpayer may invest up to $125,000 per qualifying business per year up to a maximum of $250,000. A taxpayer cannot claim more than $50,000 of the AIC for a single calendar year. The credit may be taken in either the tax year of the initial investment or may be carried forward to any of the three subsequent taxable years, as long as the qualifying business maintains its principal place of business in Massachusetts. If the qualifying business does not maintain its principal place of business in Massachusetts for this three-year period, the taxpayer investor must repay the total amount of AIC claimed. The AIC is not transferable nor refundable. The Massachusetts Life Sciences Center is responsible for determining eligibility for the AIC and the actual amount awarded to a taxpayer. See TIR 16-15 for further information.

To claim the AIC, enter the amount of AIC using credit code AGLCRD on the Schedule CMS.

Brownfields Tax Credit

Taxpayers subject to tax under MGL ch 62 and nonprofit organizations may be eligible to claim a Brownfields Tax Credit (BTC) for amounts expended to clean up contaminated property in Massachusetts in an amount equal to either 25% or 50% of the cost. The cleanup must begin on or before August 5, 2023, and costs must be incurred before January 1, 2024, and equal or exceed 15% of the assessed value of the property before the beginning of the cleanup. Contaminated properties must be owned or leased for business purposes, reported to the Department of Environmental Protection (DEP), cleaned up in compliance with DEP's standards, and located in an economically distressed area identified by DEP. Unused portions of the BTC may be carried forward for the next five years. If a credit recipient does not maintain the property in compliance with standards set out by DEP, the credit may be recaptured. The BTC is not refundable.

The BTC may be transferred, sold or assigned to another taxpayer with a liability under MGL ch 62 or 63, or to a nonprofit organization. A taxpayer must complete a Form BCA, Brownfields Credit Application, and submit it to DOR. If approved, DOR will issue a certificate reflecting the amount of the BTC. The party receiving the BTC must include the certificate number with each tax return in which the credits are being applied. BTC application forms and additional information are available at mass.gov/dor.

To claim the BTC, enter the BTC certificate number and the amount of the BTC using credit code BRWFLD on the Schedule CMS.

Certified Housing Development Tax Credit

Taxpayers subject to tax under MGL ch 62 that invest in housing development projects in Massachusetts may be eligible to claim the Certified Housing Development Credit (CHDC) in an amount up to 25% of the costs of qualified project expenditures as defined in MGL ch 40V, § 1. Eligibility and the amount of CHDC awarded are determined and administered by the Department of Housing and Community Development (DHCD). The CHDC is not refundable, but unused amounts may be transferred or carried forward for 10 years. See TIRs 16-15, 10-15 and 10-14 for further information.

To claim the CHDC, enter the CHDC certificate number and the amount of the CHDC using credit code CRTHOU on the Schedule CMS.

Community Investment Tax Credit

Taxpayers subject to tax under MGL ch 62 may be able to claim a Community Investment Tax Credit (CITC) for cash contributions made to a community partner to support the implementation of its community investment plan, or to a community partnership fund. The CITC is equal to 50% of the total contribution made by the taxpayer and cannot be claimed for contributions of less than $1,000. DHCD is responsible for determining which contributions qualify for the CITC and the actual amount of the CITC awarded. The CITC is not transferrable. However, the CITC is refundable, or, alternatively, may be carried forward for 5 years. See DHCD's Community Investment Grant and Tax Credit Program regulation, 760 CMR 68.00, DOR's Community Investment Tax Credit regulation, 830 CMR 62.6M.1, and TIRs 16-15 and 13-15 for further information.

To claim the CITC, enter the CITC certificate number and the amount of the CITC using credit code CMMINV on the Schedule CMS.

Conservation Land Tax Credit

Taxpayers subject to tax under MGL ch 62 that make qualified donations of certified land to a public or private conservation agency in Massachusetts may be eligible for a Conservation Land Tax Credit (CLTC). The Executive Office of Energy and Environmental Affairs (EEA) ultimately determines which donations qualify for the CLTC and the actual amount of the CLTC attributable to the donation. The CLTC is equal to 50% of the fair market value of the donated certified land, but may not exceed $75,000. The credit is refundable, but is not transferable. Taxpayers who claim the CLTC may not claim any other credit or deduction in the same tax year for the costs related to the same donated, certified land.

For more information, please see the EEA's Conservation Land Tax Credit regulation, 301 CMR 14.00, which sets forth the EEA's criteria for authorizing and certifying the credit. See also DOR's Conservation Land Tax Credit regulation, 830 CMR 62.6.4, which explains the calculation of the allowable CLTC.

To claim the CLTC, enter the CLTC certificate number and the amount of the CLTC using credit code CNSLND on Schedule CMS.

Dairy Farm Tax Credit

Massachusetts dairy farmers taxable under MGL ch 62 may be eligible for a Dairy Farm Tax Credit (DFTC) based on the amount of milk produced and sold during the taxable year when the cost of milk drops below a price based on federal standards. The dairy farm must have a certificate of registration as a Massachusetts dairy farmer from the Massachusetts Department of Agricultural Resources (MDAR).The total amount of DFTC granted through the program cannot exceed $6,000,000 in any year. The DFTC is refundable, but is not transferrable.

To claim the DFTC, enter the MDAR-issued certificate number and the amount of the DFTC from the MDAR's Dairy Farmer Certified Tax Credit Statement using credit code DAIFRM on Schedule CMS.

Economic Opportunity Area/ Economic Development Incentive Program Credits

Economic Opportunity Area Credit

Taxpayers subject to tax under MGL ch 62 that participated in projects certified by the Economic

Assistance Coordinating Council (EACC) before January 1, 2010, may be eligible to claim a an Economic Opportunity Area Credit (EOAC) equal to 5% of the cost of qualifying property purchased for business use within a certified project within an Economic Opportunity Area (EOA). To qualify for the EOAC, the property must be used exclusively by the certified project in an EOA and must meet the same tests imposed for the 3% Investment Tax Credit (ITC). A certified project is a project approved by the EACC. The 5% EOAC cannot offset more than 50% of the tax due. Any unused EOAC may be carried forward for 10 years. The EOAC may be subject to recapture if a taxpayer's business is decertified by the EACC, or a taxpayer stops using the qualifying property in a certified project before the end of the property's useful life. The EOAC is neither refundable nor transferrable. The EOAC is not available to certified projects that were certified by the EACC on or after January 1, 2010. See TIRs 16-15 and 10-01 for further information.

To claim the EOAC, complete Schedule EOAC and enter the amount of the credit using credit code EOACCR on the Schedule CMS. Include both the completed Schedule EOAC and Schedule CMS with the return.

Economic Development Incentive Program Credit

For projects certified by the EACC on or after January 1, 2010 and before January 1, 2017, the Economic Development Incentive Program Credit (EDIPC) is available to taxpayers subject to tax under MGL ch 62 with respect to certified projects as defined under MGL ch 23A. The EDIPC is equal to a percentage of the cost of qualifying property purchased by a certified project for business use within Massachusetts. As part of the project certification, the EACC may (but is not required to) award a credit under the program and determine the percentage of the cost of the property to be used to determine the credit. In addition the EACC may award an EDIPC that is refundable. To qualify for the EDIPC, the qualifying property must be used exclusively in the certified project in Massachusetts and must meet the same tests imposed for the 3% ITC.

Unless the EDIPC awarded is refundable, the credit may not offset more than 50% of the tax due. Carryover of unused credit is available only to the extent authorized by the EACC. The EACC may, in consultation with DOR, limit (but not expand) the EDIPC to a specific dollar amount or time duration or in any other manner deemed appropriate by the EACC. St. 2009, c. 166, § 18. For example, the EACC may limit the EDIPC available with respect to a particular project to a specific dollar maximum, even if the actual dollar amount of the qualifying purchases would otherwise generate a higher credit amount. Similarly, the EACC may limit the otherwise applicable credit carry forward period provided by MGL ch 62, § 6(g). The EDIPC may be subject to recapture if a taxpayer's business is decertified by the EACC, or a taxpayer stops using the qualifying property in a certified project before the end of the property's useful life. The EDIPC is not transferable. See TIRs 16-15, 14-3, 10-15, and 10-1 for further information.

To claim the EDIPC, complete Schedule EDIP and enter the amount of the EDIPC using credit code EDIPCR on Schedule CMS. Also, enter the EACC-issued certificate number on Schedule CMS. Include both the completed Schedule EDIP and Schedule CMS with the return.

EDIP Credit for Projects Certified on or after January 1, 2017

The EDIPC provisions were significantly changed for projects certified on or after January 1, 2017. For projects certified by the EACC on or after January 1, 2017, the EDIPC allowed to taxpayers subject to tax under MGL ch 62 is determined by the EACC based on numerous factors set forth in MGL ch 23A § 3D. The EACC may award a refundable EDIPC to any certified project. Carryover of unused EDIPC is available only to the extent authorized by the EACC. Recapture is required only if the EACC revokes the certification of a project. The EDIPC is not transferable. See TIRs 16-15 and 10-01 for further information.

To claim the EDIPC, complete Schedule EDIP and enter the amount of the EDIPC using credit code EDIPCR on Schedule CMS. Also, enter the EACC-issued certificate number on Schedule CMS. Include both the completed Schedule EDIP and Schedule CMS with the return.

Farming and Fisheries Credit

Taxpayers primarily engaged in agriculture or farming and subject to tax under MGL ch 62 may be eligible for a Farming and Fisheries Credit (FFC) equal to 3% of the cost or other basis for federal income tax purposes of qualifying property acquired, constructed or erected during the tax year. Qualifying property is defined as tangible personal property and other tangible property, including buildings and structural components thereof which are located in Massachusetts, used solely in farming, agriculture or fishing, and are depreciable with a useful life of at least 4 years. Lessees are also eligible for the FFC. However, where the lessee is eligible for the FFC, the lessor is generally not eligible, with the exception of equine-based businesses where care and boarding of horses is a function of the agricultural activity. A taxpayer may carry forward any unused portion of the FFC for up to three years. See TIR 14-3 for further information.

To claim the FFC, complete Schedule FAF, Farming and Fisheries Credit, and enter the amount of the FFC using credit code FRMFSH on Schedule CMS. Include both the completed Schedule FAF and Schedule CMS with the return.

Film Incentive Credit

Motion picture production companies subject to tax under MGL ch 62 may be eligible to claim the Film Incentive Credit (FIC) for certain payroll and production expenses. Production companies that incur at least $50,000 of production costs in Massachusetts are eligible for a credit equal to 25% of the total Massachusetts payroll for the production, excluding salaries of $1 million and higher. In addition, production companies whose Massachusetts production expenses exceed 50% of the total production cost may receive a credit equal to 25% of the total Massachusetts production expense. The FIC may be applied against taxpayer's liability, reduced by any other available credits, and then 90% of any remaining credits may be refunded. Subject to certain conditions, unused credits may be carried over, refunded, or transferred by the taxpayer for the following 5 tax years. Transferees may carry forward unused FIC for the 5 tax years subsequent to the first tax year the FIC was allowed to the initial transferor. The FIC is not refundable to the transferee. See TIR 07-15 for further information.

To claim the FIC, enter the FIC certificate number and the amount of the FIC using credit code FLMCRD on the Schedule CMS. Supporting documentation must be made available to DOR upon request. Certificate application forms and additional information are available at mass.gov/dor.

Historical Rehabilitation Credit

Taxpayers subject to tax under MGL ch 62 who have made qualified expenditures in the rehabilitation of a qualified historic structure may be eligible to claim a Historic Rehabilitation Tax Credit (HRTC). The HRTC is up to 20% of the taxpayer's rehabilitation expenditures made in substantially rehabilitating a historic structure that has received final certification from the Massachusetts Historical Commission and placed into service (where occupancy of the entire structure or some identifiable portion of it is permitted). Unused portions of the HRTC may be carried forward for the next five tax years. The HRTC may be transferred or sold to another taxpayer, but is not refundable. HRTC awards also may be transferred to other qualifying taxpayers that acquire a historic structure, as long as certain criteria are met. The HRTC may be subject to recapture if the taxpayer disposes of its interest in the structure within five years of its placement into service. HRTC awards however are not subject to recapture. For further information, see DOR's Massachusetts Historic Rehabilitation Tax Credit regulation, 830 CMR 63.38R.1, and TIRs 16-15 and 10-11.

To claim the HRTC, enter the HRT certificate number and the amount of the HRTC using credit code HISRHB on the Schedule CMS. Supporting documentation must be enclosed with the return or the HRTC may be disallowed. For further information on documentation see the 2018 Transfer/Sale HRC: Historic Rehabilitation Credit Certificate Form and 2018 Allotment Schedule HRC: Historic Rehabilitation Credit Summary Form.

Lead Paint Tax Credit

Taxpayers subject to tax under MGL ch 62, who own residential premises in Massachusetts, constructed prior to 1978 and who incurred expenses for covering or removing lead paint on such residential premises, may claim a Lead Paint Tax Credit (LPTC) for these expenses in an amount equal to up to $1,500 for each residential unit. A taxpayer may carry forward any unused portion of the LPTC for up to 7 taxable years. See DOR's Lead Paint Removal Credit regulation, 830 CMR 62.6.3, and other rules as explained on Massachusetts Schedule LP, Credit for Removing or Covering Lead Paint on Residential Premises.

To claim the LPTC, complete Schedule LP and enter the amount of the LPTC using credit code LEDPNT on the Schedule CMS. Be sure to enter in line 1a of the Schedule CMS the total number of units indicated in Schedule LP, lines 1a and 3a. Include both the completed Schedule LP and Schedule CMS with the return.

Life Sciences Refundable Jobs Tax Credit

Certified life sciences companies subject to tax under MGL ch 62, to the extent authorized by the Life Sciences Tax Incentive Program, may receive a Life Sciences Refundable Jobs Tax Credit (LSRJTC) in an amount determined by the Massachusetts Life Sciences Center in consultation with DOR. A taxpayer claiming the LSRJTC must commit to the creation of a minimum of 50 net new permanent full-time positions in Massachusetts. If the LSRJTC claimed by a taxpayer exceeds the tax otherwise due, 90% of the balance of such LSRJTC may, at the option of the taxpayer and to the extent authorized by the Life Sciences Tax Incentive Program, be refundable. Excess LSRJTC cannot be carried forward to subsequent taxable years. The LSRJTC is not transferrable. The LSRJTC is subject to all of the requirements of the Life Sciences Tax Incentive Program under MGL ch 23I. In the event of the revocation of a company's certification as a life sciences company or other disqualifying events, the LSRJTC may be subject to recapture. For more information, see TIRs 13-6, 11-6, and 08-23.

To claim the LSRJTC, complete a Schedule RLSC and enter the amount of the LSRJTC using credit code LFSJOB on the Schedule CMS.

Life Sciences Refundable Investment Tax Credit

Certified life sciences companies subject to tax under MGL ch 62, to the extent authorized by the Life Sciences Tax Incentive Program, may claim a Life Sciences Refundable Investment Tax Credit (LSRITC) equal to 10% of the cost of qualifying property acquired, constructed, reconstructed, or erected and used exclusively in Massachusetts. If the LSRITC exceeds the tax due, 90% of the balance of such LSRITC 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 LSRITC is placed in service. If the taxpayer elects to make the LSRITC refundable, then the carryover provisions for this credit that would otherwise apply shall not be available. Certified life sciences companies qualifying for the Economic Development Incentive Program Credit (EDIPC) may only take such credit to the extent of an additional 2% of the cost of the qualifying property. In the event a company's certification as a life sciences company is revoked, the recapture of the LSRITC may be required. The LSRITC is not transferrable. For further information, see TIRs 13-6 and 08-23.

To claim the LSRITC, complete a Schedule RLSC and enter the amount of the LSRITC using credit code LFSITC on the Schedule CMS.

Life Sciences Refundable FDA User Fees Tax Credit

Certified life sciences companies subject to tax under MGL ch 62, to the extent authorized by the Life Sciences Tax Incentive Program, may be eligible to claim a Life Sciences Refundable FDA User Fees Tax Credit. The credit is equal to 100% of the user fees paid on or after June 16, 2008, to the U.S. Food and Drug Administration (FDA) upon submission of an application to manufacture a human drug in Massachusetts. The credit may be claimed in the tax year in which the application for licensure of an establishment to manufacture the drug is approved by the FDA. To be eligible for the credit, more than 50% of the research and development costs for the drug must have been incurred in Massachusetts. Certified life sciences companies may use the FDA user fees credit to reduce their tax to 0. At the option of the taxpayer and to the extent authorized pursuant to the Life Sciences Tax Incentive Program, where the credit exceeds the tax due, 90% of the balance of the excess credit is refundable. A life sciences company claiming the credit may not also deduct the FDA user fees for which the credit is claimed on its return. In the event a company's certification as a life sciences company is revoked, the recapture of the Life Sciences ITC may be required. The credit is not transferrable. For further information, see TIRs 13-6 and 08-23.

To claim the credit, complete a Schedule RLSC and enter the amount of the credit using credit code LFSFDA on the Schedule CMS.

Low Income Housing Tax Credit

Taxpayers subject to tax under MGL ch 62 who invest in a qualified low-income housing project located in Massachusetts may be eligible for the Low Income Housing Tax Credit (LIHTC). DHCD determines which low-income housing projects will qualify for the LIHTC, which properties may generate a LIHTC for investors, and ultimately allocates the amount of credit a taxpayer may claim based on a total pool of $20,000,000. This LIHTC may be claimed in the year that a qualified Massachusetts project is placed in service and for each of the four subsequent taxable years. The properties must also meet the requirements established by Massachusetts and federal laws, and be owned by a taxpayer who enters into a regulatory agreement with DHCD.

Any unused LIHTC may be carried forward for the next five tax years. Alternatively, unused credits may be transferred. If an event or circumstance occurs that results, or would have resulted, in the recapture of any portion of a federal Low Income Housing Credit, then the Massachusetts LIHTC may also be subject to recapture. The LIHTC is not refundable.

To claim the LIHTC, enter the LIHTC certificate number and the amount of the LIHTC using credit code LOWINC on the Schedule CMS. Supporting documentation must be enclosed with the return or the LIHTC may be disallowed. For further information on documentation see the 2018 Transfer LIHC, Low-Income Housing Credit Statement Form and 2018 Allotment Schedule LIHC, Low-Income Housing Credit Summary Form. For further information regarding this credit contact DHCD, Division of Private Housing, at (617) 727-7824.

Low Income Housing Donation Tax Credit

Taxpayers subject to tax under MGL ch 62 that make a qualified donation of real or personal property to certain non-profit entities for use in purchasing, constructing or rehabilitating a qualified Massachusetts project may be eligible to claim a Low Income Housing Donation Tax Credit (LIHDTC). This credit operates in a similar manner to the Low Income Housing Tax Credit (LIHTC), but the LIHDTC is limited to 50% of the amount of the qualified donation, which may be increased to 65% by DHCD. In addition, the LIHDTC may only be claimed in the year that the qualified donation is made. However, any unused LIHDTC may be carried forward for the next five years. DHCD determines eligibility and ultimately allocates the LIHDTC a taxpayer may claim based on a total pool of $20,000,000 shared with the LIHTC. Only 20% of awarded LIHDTC will count towards this pool. The LIHDTC is not refundable, but is transferrable in the same manner as the LIHTC.

The property must also meet the requirements established by Massachusetts and federal laws, and be owned by an owner who enters into a regulatory agreement with DHCD. If an event or circumstance occurs that results, or would have resulted, in the recapture of any portion of a federal Low Income Housing Credit, then the Massachusetts LIHDTC may also be subject to recapture.

To claim the LIHDTC, enter the LIHDTC certificate number and the amount of the LIHDTC using credit code LIHDON on the Schedule CMS. Supporting documentation must be enclosed with the return or the LIHDTC may be disallowed. For further information on documentation see the 2018 Transfer LIHC, Low-Income Housing Credit Statement, form and 2018 Allotment Schedule LIHC, Low-Income Housing Credit Summary, form. For further information regarding this credit, contact DHCD, Division of Private Housing, at (617) 727-7824.

Medical Device Tax Credit

Medical Device Companies taxable under MGL ch 62 may be eligible to claim a Medical Device Tax Credit (MDTC). The MDTC is equal to 100% of the user fees actually paid by the medical device company to the United States Food and Drug Administration (FDA). To qualify for the MDTC, the user fees must be paid during the tax year for which the tax is due for pre-market submissions (e.g., applications, supplements, or 510(k) submissions) to market new technologies developed or manufactured in Massachusetts.

The MDTC may not be carried forward to subsequent tax years. The MDTC is not refundable. However, unused portions of the credit may be transferred to a purchasing company, who may carry over the MDTC but must use it within 5 years of the issuance of the certificate. The purchasing company may not transfer the MDTC.

To claim the MDTC, enter the MDTC certificate number and the amount of the MDTC using credit code MEDDVC on the Schedule CMS. Certificate application forms and additional information are available at mass.gov/dor.

Solar and Wind Energy

Individual taxpayers subject to tax under MGL ch 62 that made expenditures for certain renewable energy source items, such as equipment which uses or transmits solar or wind energy to heat, cool, or provide hot water for their principal residence in Massachusetts, may qualify for a Solar and Wind Energy Credit (SWEC). The SWEC is not refundable. However, unused portions of the credit may be carried forward for the next three years.

To claim the SWEC, complete Schedule EC, Residential Energy Credit, and enter the amount of the SWEC using credit code SLRWND on Schedule CMS. Include both the completed Schedule EC and Schedule CMS with the return.

Veteran's Hire Tax Credit

Businesses subject to tax under MGL ch 62 that hire veterans who live and work in Massachusetts may be eligible for a Veteran's Hire Tax Credit (VHTC). The credit is equal to $2,000 for each qualified veteran hired. The business must:

- Employ fewer than 100 employees;
- Be certified by the Commissioner of Veteran's Services; and
- Qualify for and claim the federal Work Opportunity Credit allowed under IRC § 51.

A business may be eligible for a second VHTC for the next taxable year if the veteran continues to work for the business. In order to claim the VHTC, the primary place of employment and the primary residence of the qualified veteran must be in Massachusetts, and the business corporation must obtain certification that the veteran is a qualified veteran, as defined in IRC § 51(d)(3), from the Department of Career Services, no later than the employee's first day of work.

The VHTC is neither refundable nor transferrable. Any amount of VHTC that exceeds the tax due in the current taxable year may be carried forward to any of the three subsequent taxable years. The VHTC is available for qualified veterans hired after July 1, 2017. See TIR 17-10 for further information.

To claim the VHTC, enter the VHTC certificate number and the amount of the VHTC using credit code VETHIR on the Schedule CMS.

Line 45. Credits Passed Through to Beneficiaries

The credits reported on lines 42 and 43 may be passed through to beneficiaries on line 45 and the applicable lines on Schedule 2K-1. Alternatively, they may be taken at the estate or trust level on line 46. These alternatives are mutually exclusive. If credits are passed through to a beneficiary, any credits that cannot be applied in the taxable year for which a carryover is allowed may be carried over and applied against the beneficiary's personal income tax liability in succeeding taxable years. Carryovers may not be claimed at the estate or trust level in such cases.

Line 46. Credits Remaining with Fiduciary

If the credits reported on lines 42 and 43 are taken at the estate or trust level on line 46, any credits that cannot be applied in the taxable year for which a carryover is allowed may be carried over and applied against the estate's or trust's income tax liability in succeeding taxable years. Unused credits may not be passed through to beneficiaries on line 45. Either the fiduciary or the beneficiaries may take the credits, but not both.

Line 48. Massachusetts Income Tax Withheld

Massachusetts income taxes withheld under the Employer Identification number of the estate or trust, as indicated on your copies of Forms W-2, W-2G, 1099-G, and 1099-R, should be included on line 48 only if not passed through to a beneficiary(ies) on Schedule 2K-1, line 34. Be sure you enclose copies of these forms with your return; otherwise your claim of amounts withheld will not be allowed. If you have lost a form, ask the payer for a duplicate. Copies of Forms 1099-G and 1099-R need only be enclosed if they show an amount for Massachusetts tax withheld. For more information, see instructions for Schedule 2K-1, line 34.

Line 49. 2017 Overpayment Applied to Your 2018 Estimated Tax

Include the exact amount of any 2017 overpayment you applied to your 2018 estimated taxes from your 2017 Massachusetts Form 2, line 56. Do not include any 2017 refund in this line.

Line 50. 2018 Massachusetts Estimated Tax Payments

Enter the total amount of Massachusetts Form 2-ES, estimated tax payments made for 2018 on line 50. Do not include on line 50 estimated tax payments made on Form 1-ES or Form 2-ES on behalf of beneficiaries or the amount in line 49. See Directive 07-4.

Line 51. Payments Made with Extension

If you filed Massachusetts Form M-8736, Application for Fiduciary Return Extension for 2018 on or before April 17, 2019, enter in line 51 the amount you paid with Massachusetts Form M-8736.

Line 52. Payment with Original Return

Use this line only if you are amending the original return. Enter in line 52 the amount of tax you paid with the original return from line 58, "Tax Due." If estimated tax payments were made on the original return, they should be reflected on line 50, as on the original return. Select the appropriate amended return oval on page 1. Complete the entire return, correct the appropriate line(s) with the new information and recompute the tax liability. On an enclosed sheet, explain the reason for the amendment(s) and identify the line(s) and amount(s) being changed on the amended return. Mail the amended return to **Massachusetts Department of Revenue, PO Box 7031, Boston, MA 02204**. If you owe additional tax, mail the amended Form 2 to **Massachusetts Department of Revenue, PO Box 7018, Boston, MA 02204**.

Line 53. Refundable Credits (from Schedule CMS)

Enter the total refundable credits from Schedule CMS, Credit Manager Schedule that are being claimed at the estate or trust level. Be sure to enclose Schedule CMS with your return. Failure to do so will delay the processing of your return.

Line 56. Amount of Overpayment to be Applied to 2019 Massachusetts Estimated Taxes

Enter the amount of the 2018 overpayment from line 55 that you want applied to your 2019 Massachusetts estimated taxes.

Line 57. Amount of Refund

Subtract line 56 from line 55, and enter the result in line 57. This is the amount of your refund.

Line 58. Tax Due

If line 47 is larger than line 54, subtract line 54 from line 47, and enter the result on line 58. This is the amount of tax you owe. Pay in full with your return. Go to mass.gov/dor/masstaxconnect for online payment options. If you need to mail your payment, make the check or money order payable to **Commonwealth of Massachusetts** and write the estate or trust Employer Identification number on the front of the check or money order in the lower left front corner.

Failure to file or failure to pay the proper amount of tax when due will result in an increasing amount of interest and penalties. It is to your advantage to file when your return is due, whether or not you are able to make full payment.

If you owe any interest, penalty or addition for the underpayment of estimated tax, add those amounts to the tax you owe when making your payment.

Interest and Penalties

Interest

If you fail to pay the tax when due, interest will be charged. For an explanation of how interest is compounded in Massachusetts, see TIR 92-6 or call the Customer Service Bureau at (617) 887-MDOR or toll-free, in Massachusetts at 1-800-392-6089.

Penalty for Late Payment

The penalty for late payment is 1% of the tax due, per month (or fraction thereof) up to a maximum of 25%.

Penalty for Failure to File

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

Penalty for Protested (“Bad”) Check

If any check sent in payment of tax or other charge is not honored by your bank because of insufficient funds or for any other reason, a penalty of $30 or the amount of the payment, whichever is less, may be charged.

Federal (Audit) Change Penalty

If the U.S. Internal Revenue Service changes a tax return for a prior year (generally through audit), file an amended Form 2 together with any required schedules or additional payments within one year of the final federal determination to avoid a penalty. The penalty is equal to 10% of the additional tax due. Remember to select the appropriate amended return oval on page 1 of Form 2. If the change indicates a refund, file an amended return within one year.

Addition for Underpayment of Estimated Tax

If withholding and/or estimated tax payments do not equal 80% of the total tax liability required to be paid, an addition to tax will generally apply if your 2018 tax due after credits and withholding is greater than $400. If you failed to meet these requirements, you must complete and enclose Massachusetts Form M-2210F to calculate the amount of penalty you must add to line 58, or to show which exception applies. Most taxpayers who qualify for an exception made withholding and/or estimated payments equal to their tax liability for the previous year. You do not have to complete Form M-2210F if the balance due with your return is $400 or less.

Taxpayer’s Declaration

At least one of the fiduciaries must sign and date the return, under penalties of perjury. Fiduciaries using facsimile signatures must follow the procedures in DOR Directive 89-9. Enclose all state copies of any Forms W-2, W-2G, and any 1099 with Massachusetts withholding with the Form 2. Make the check or money order payable to the Commonwealth of Massachusetts and be sure to sign the check. The estate or trust Employer Identification number should be entered on the front of the check. Enclose all required U.S. forms and schedules to the back. Please enclose Massachusetts forms and schedules first, followed by Massachusetts Form M-2210F. The return, together with payment in full, is due, for calendar year filers on or before April 17, 2019. Fiscal year returns are generally due on the 15th day of the fourth month after the close of the fiscal year. Mail to **Massachusetts Department of Revenue, PO Box 7018, Boston, MA 02204**. Direct fiduciary inquiries (not returns) to **Massachusetts Department of Revenue, Customer Service Bureau, PO Box 7010, Boston, MA 02204**, or call (617) 887-MDOR.

Schedule Instructions

Schedule B/R

Beneficiary/Remaindermen Name of Estate or Trust

Enter the exact legal name of the entity. If an estate or trust, refer to the governing instrument. Other fiduciaries should use the exact legal name as their appointing court ruled.

Estate or Trust Employer Identification Number

Enter the U.S. Employer Identification number. If you do not have one, U.S. Form SS-4, Application for Employer Identification number, should be used to apply for one. Do not use a decedent’s Social Security number for an estate. A separate Employer Identification number is required for the estate and for each trust entity.

Name of Beneficiary

As used in this form, beneficiary means income beneficiary. A trust income beneficiary is a beneficiary who is entitled to receive the income from the trust. If filing for other than a trust, enter the name and address of the person receiving the income.

Name of Remainderman

A remainderman is the person or entity entitled to an estate after the prior estate has expired. In returns where taxable stock dividends, taxable gains from the purchase or sale of real estate, tangible and intangible personal property, or dividends which are wholly or in part credited to capital have been received by the fiduciary during the tax year covered by this return and in all cases where all or part of the taxable income is accumulated for remainder interests, Schedule B/R must include the complete name and address of each remainderman.

Beneficiary’s/Remainderman’s Identification Number

Enter the Social Security number of the income beneficiary or remainderman, if the income beneficiary or remainderman is an individual. Enter the Employer Identification number of the income beneficiary or remainderman, if the income beneficiary or remainderman is an entity.

Legal Domicile

A legal domicile is a person's permanent home. Enter the legal domicile of the income beneficiary or remainderman.

Total Income

Enter the dollar amount of the income the beneficiary or remainderman received during the tax period covered by the return.

Percentage of Income

Enter the percentage of total income that was paid to/or accumulated for each beneficiary or remainderman.

Percentage of Taxable Income

Indicate the percentage of total income taxable in Massachusetts for each beneficiary or remainderman.

Income Summary

Line 1. Accumulated Income

Enter the amount of income accumulated, i.e., retained by the entity, for the year.

Line 3. Accumulated Capital Gain

Enter the amount of capital gain accumulated, i.e., retained by the entity, for the year.

Schedule B

Interest, Dividends and Certain Capital Gains and Losses

You must file Massachusetts Form 2, Schedule B if you have:

- Dividend income in excess of $1,500;
- Any interest income other than from Massachusetts banks taxed at 5.1%;
- Short-term capital gains or losses;
- Carryover short-term losses from prior years;
- Long-term gains on collectibles or pre-1996 installment sales classified as capital gain income for Massachusetts purposes;
- Gains or losses from the sale, exchange, or involuntary conversion of property used in a trade or business;
- Net long-term capital gains or losses; or
- Excess exemptions.

Collectibles are defined as any capital asset that is a collectible within the meaning of IRC § 408(m), as amended and in effect for the taxable year. Collectibles include works of art, rugs, antiques, metals, gems, stamps, alcoholic beverages, certain coins, and any other items treated as collectibles for federal tax purposes.

You need not fill out Massachusetts Form 2, Schedule B if the only interest income you have is from Massachusetts banks. Report it on Form 2, line 5 instead.

You must complete Massachusetts Form 2, Schedule B if your interest or dividend income includes: dividends taxed directly to trusts or estates on a Form 2, Fiduciary Income Tax Return; distributions that are returns of capital; or exempt portions of any interest or dividends from a mutual fund.

Name of Estate or Trust

Enter the exact legal name of the entity. If an estate or trust, refer to the governing instrument. Other fiduciaries should use the exact legal name as their appointing court ruled.

Estate or Trust Employer Identification Number

Enter the U.S. Employer Identification number. If you do not have one, U.S. Form SS-4, Application for Employer Identification number, should be used to apply for one. Do not use a decedent's Social Security number for an estate. A separate Employer Identification number is required for the estate and for each trust entity.

Line 1. Total Interest

Enter total interest from U.S. Form 1041, line 1 or 1041-QFT, line 1a.

Note: Interest from a common trust fund may be excluded here, provided it is entered on Form 2, line 15. If common trust fund interest is included in this line, enter the amount on line 7 and on Form 2, line 15.

Line 2. Total Dividends

Enter total dividends from U.S. Form 1041, line 2a or 1041-QFT, line 2a.

Note: Dividends from a common trust fund may be excluded here, provided they are entered on Form 2, line 15. If common trust fund dividends are included in this line, enter the amount on line 7 and on Form 2, line 15.

Line 3. Other Interest and Dividends

Enter on line 3 any other interest and dividends not included on lines 1 and 2. Line 3 includes such items as interest from obligations of other states and their political subdivisions that are not taxable federally but are taxable in Massachusetts. Any tax exempt municipal interest, including interest from all Massachusetts municipalities, should be entered here for Schedule H computations.

Line 4. Total Interest and Dividends

Add lines 1 through 3 and enter the total on line 4.

Line 5. Interest on U.S. Debt Obligations

Enter the total amount of U.S. government obligation interest included on line 4. Interest from obligations of the U.S. government are not taxable by the Commonwealth of Massachusetts.

Line 6. Total Interest from Massachusetts Banks

Enter the total amount of interest from savings in Massachusetts banks included on Form 2, line 5.

Line 7. Other Exclusions

Enter any other interest or dividends to be excluded. A schedule and statement of explanation must be enclosed.

Note: Common trust fund interest or dividends included on lines 1 or 2 must be entered here. Any tax-exempt municipal interest entered on line 3, for Schedule H computations, must be entered here.

Line 8. Total Adjustments

Add lines 5 through 7, and enter the total on line 8.

Line 9. Subtotal

Subtract line 8 from line 4, and enter the result on line 9.

Line 10. Allowable Deductions From Your Trade or Business

Enter the amount from Massachusetts Schedule C-2, line 8 if you qualify for an excess trade or business deduction. See the instructions for Massachusetts Schedule C-2.

Line 11. Subtotal

Subtract line 10 from line 9, and enter the result on line 11. Not less than 0.

Note: If there are any differences between U.S. and Massachusetts amounts reported on lines 12, 13, 14, 18, and 19, be sure to enter the Massachusetts amount and enclose a statement that includes the line item and an explanation of the differences. Exclude short-term capital gains received from common trust funds from Form 2, Schedule B and enter short-term capital gains received from common trust funds on Form 2, line 24.

Line 12. Short-Term Capital Gains

Enter the total short-term capital gains included on U.S. Form 1041, Schedule D, Part I, lines 1 through 5.

Line 13. Long-Term Capital Gains on Collectibles and Pre-1996 Installment Sales

Enter the total amount of long-term capital gains on collectibles and pre-1996 installment sales from Massachusetts Form 2, Schedule D, line 11.

Line 14. Gain on Sale of Business Property

Enter from U.S. Form 4797 the amount of gain from the sale, exchange, or involuntary conversion of property used in a trade or business and held for one year or less. Be sure to enclose U.S. Form 4797 with your return.

Line 15. Gross Interest, Dividends and Certain Capital Gains
Add lines 12 through 14.

Line 16. Allowable Deductions From Your Trade or Business
Enter the amount from Massachusetts Schedule C-2, line 11 if you qualify for an excess trade or business deduction. See the instructions for Massachusetts Schedule C-2.

Line 17. Subtotal
Subtract line 16 from line 15. Not less than 0.

Line 18. Short-Term Capital Losses
Enter the total short-term capital losses included on U.S. Form 1041, Schedule D, Part I, lines 1 through 5.

Line 19. Loss on Sale of Business Property
Enter from U.S. Form 4797 the amount of loss from the sale, exchange, or involuntary conversion of property used in a trade or business and held for one year or less. Be sure to enclose U.S. Form 4797 with your return.

Line 20. Prior Years Short-Term Unused Losses
You may use short-term losses accumulated in the previous taxable years beginning after 1981 in the computation of short-term gain or loss for the current year. Enter here the short-term loss amount from your 2017 Massachusetts Form 2, Schedule B, line 41.

Line 21. Subtotal
Combine lines 17 through 20. If a positive amount, omit lines 22 through 25 and go to line 26. If the total is a loss, go to line 22.

Line 22. Short-Term Capital Losses Applied Against Interest and Dividends
Enter the smaller of line 11 or line 21 (as a positive amount), but not more than $2,000.

Line 23. Subtotal
Combine lines 21 and 22. If line 23 is less than 0, go to line 24. If line 23 is 0, omit lines 24 through 30 and go to line 31. If Form 2, Schedule B, line 23 is a loss and Form 2, Schedule D, line 12 is a loss, omit line 24, enter the amount from line 23 on line 25 and line 41, omit lines 26 through 30 and complete lines 31 through 39.

Line 24. Short-Term Capital Losses Applied Against Long-Term Capital Gains
If Form 2, Schedule B, line 23 is a loss and Form 2, Schedule D, line 12 is greater than 0, enter the smaller of Form 2, Schedule B, line 23 (considered as a positive amount) or Form 2, Schedule D, line 12 on Form 2, Schedule B, line 24 and on Form 2, Schedule D, line 13.

Line 25. Short-Term Capital Losses for Carryover in 2019
Combine lines 23 and 24 and enter the result on lines 25 and 41, omit lines 26 through 29, enter 0 on line 30, and complete lines 31 through 40.

Line 26. Short-Term Capital Gains and Long-Term Gains on Collectible
Enter the amount from Form 2, Schedule B, line 21. If Form 2, Schedule D, line 12 is 0, or greater, omit line 27 and enter the amount from line 26 on line 28. If Form 2, Schedule D, line 12 is a loss go to Form 2, Schedule B, line 27.

Line 27. Long-Term Capital Losses Applied Against Short-Term Capital Gains
If Form 2, Schedule B, line 26 is greater than 0, and Form 2, Schedule D, line 12 is a loss, enter the smaller of Form 2, Schedule B, line 26 or Form 2, Schedule D, line 12 (considered as a positive amount) on Form 2, Schedule B, line 27 and on Form 2, Schedule D, line 13.

Line 28. Subtotal
Subtract line 27 from line 26. If line 28 is 0, omit line 29 and enter 0 on line 30.

Line 29. Long-Term Gain Deduction
Complete only if line 28 is greater than 0 and there is an entry on line 13.

- If there are no losses reported on lines 18, 19, 20 and 27, enter 50% of line 13.
- If the losses reported on lines 18, 19, 20 and 27 do not exceed the total amount of gain on lines 12 and 14, enter 50% of line 13.
- If the losses reported on lines 18, 19, 20 and 27 exceed the total amount of gain on lines 12 and 14 enter 50% of line 13 minus 50% of the excess loss (total of lines 18, 19, 20 and 27 minus the total of lines 12 and 14).

Line 30. Short-Term Gains After Long-Term Gains Deduction
Subtract line 29 from line 28. Not less than 0.

Line 31. Subtotal
Enter the amount from line 11.

Line 32. Short-Term Losses Applied Against Interest and Dividends
Enter the amount from line 22. If line 22 is not completed, enter 0.

Line 33. Subtotal
Subtract line 32 from line 31. If Form 2, Schedule D, line 14 is 0 or greater omit line 34 and enter the amount from line 33 on line 35. If Form 2, Schedule D, line 14 is a loss go to line 34.

Line 34. Long-Term Losses Applied Against Interest and Dividends
If Form 2, Schedule B, line 33 is a positive amount and Form 2, Schedule D, line 14 is a loss, complete the Long-Term Capital Losses Applied Against Interest and Dividends Worksheet for Form 2, Schedule B, line 34 and Form 2, Schedule D, line 15.

Note: Although under TIR 04-23, unused capital losses of a trust generally are allocable to trust corpus and cannot be passed through to beneficiaries, this does not preclude trustees or other fiduciaries from claiming on line 34 the deduction allowed under MGL ch 62, § 2(c)(4) of not more than an aggregate amount of $2,000 in Part A capital loss and Part C capital loss against interest and dividends included in Part A income.

Long-Term Capital Losses Applied Against Interest and Dividends Worksheet for Form 2, Schedule B, Line 34 and Form 2, Schedule D, Line 15

Complete only if Form 2, Schedule B, line 33 is a positive amount and Form 2, Schedule D, line 14 is a loss. Enter all losses as positive amounts.

1. *Enter amount from Form 2, Schedule B, line 31 . . . . .* ______

2. *Enter the lesser of line 1 or $2,000 . . . .* ______

3. *Enter the amount from Form 2, Schedule B, line 32* ______

4. *Subtract line 3 from line 2. If 0 or less omit the remainder of worksheet. Otherwise, complete lines 5 and 6. . . . .* ______

5. *Enter any loss from Form 2, Schedule D, line 14 as a positive amount. Otherwise, enter 0. . . . .* ______

6. *If line 4 is smaller than or equal to line 5, enter line 4 here and on Form 2, Schedule B, line 34 and on Form 2, Schedule D, line 15. If line 4 is larger than line 5, enter line 5 here and on Form 2, Schedule B, line 34 and on Form 2, Schedule D, line 15 . . . .* ______

Line 35. Adjusted Interest and Dividends
Subtract line 34 from line 33.

Line 36. Adjusted Gross Interest, Dividends and Certain Capital Gains
Add lines 30 and 35. Not less than 0.

Line 37. Expense and Fiduciary Compensation Deduction

Enter on 37a the allowable portion of expenses as computed on Schedule H, Part 1, line 5. Enter on 37b compensation as computed on Schedule H, Part 2, line 18. Enclose a copy of Schedule H.

Line 38. Taxable Interest, Dividends and Certain Capital Gains

Subtract line 37c from line 36. Not less than 0.

Line 39. Interest and Dividends Taxable at 5.1%

If line 38 is greater than or equal to line 11, enter the amount from line 11 here and on Form 2, line 14. If line 38 is less than line 11, enter the amount from line 38 here and on Form 2, line 14.

Line 40. Taxable 12% Capital Gains

Subtract line 39 from line 38. Not less than 0. Enter the result here and on Form 2, line 23.

Line 41. Available Short-Term Losses for Carryover in 2019

Enter the amount from line 25, only if it is a loss.

Schedule D

Capital Gains and Losses

Long-Term Capital Gains and Losses Excluding Collectibles

You must complete Massachusetts Form 2, Schedule D if you had long-term capital gains or losses from the sale or exchange of capital assets or from similar transactions which are granted capital gain or loss treatment on your U.S. return or, if you had capital gain distributions. Include gains from all property, wherever located. Long-term capital gains are gains on the sale or exchange of capital assets that have been held for more than one year on the date of the sale or exchange. Long-term capital losses are losses on the sale or exchange of capital assets that have been held for more than one year on the date of the sale or exchange. Capital gain income is defined as gain from the sale or exchange of a capital asset. The definition of capital asset includes:

◗ An asset which is a capital asset under IRC § 1221; or

◗ Property that is used in a trade or business within the meaning of IRC § 1231(b), without regard to the holding period as defined in said section.

Significant Differences Between U.S. and Massachusetts Capital Gain Provisions

◗ IRC § 1244 losses reported as ordinary losses on your U.S. return must be reported on Massachusetts Form 2, Schedule D;

◗ If you made a federal election under § 311 of the Tax Relief Act of 1997 to recognize gain on the deemed sale of a capital asset held on January 1, 2001, Massachusetts does not follow the federal rules at § 311 for determining the basis of the asset. See TIR 02-3. If you sold a capital asset in 2018 for which you made a federal § 311 election, the Massachusetts initial basis will not be the federal basis. The Massachusetts initial basis will be determined as of the date the asset was first acquired;

◗ Upon the sale of stock of an S corporation, the federal basis must be modified according to Massachusetts Income Tax Regulation, 830 CMR 62.17A.1;

◗ Massachusetts has adopted basis adjustment rules to take into account differences between Massachusetts and federal tax laws. For more information regarding basis adjustment rules, see TIR 88-7; and

◗ Net ordinary losses that are itemized deductions on U.S. Schedule A are not allowable.

Installment Sales

Ttaxpayers who are treated as electing installment sale treatment federally will automatically be treated as electing Massachusetts installment sale treatment if the Massachusetts gain for the entire transaction is less than $1 million. Such taxpayers are not allowed to elect out of Massachusetts installment sales treatment and do not have to post security with the Commissioner of Revenue (“Commissioner”). In contrast to the above, taxpayers who are treated as electing installment sale treatment federally must file a separate Massachusetts installment sale election and post security with the Commissioner if their Massachusetts gain for the entire transaction is equal to or greater than $1 million. An explanatory statement must be enclosed with each return for the life of the installment sale. For further information see TIR 04-28 or contact the Installment Sales Unit at (617) 887-6950.

Note: If you are reporting capital gains on installment sales that occurred during January 1, 1996 through December 31, 2002, do not file Form 2, Schedule D. Instead, you must file Schedule D-IS, Installment Sales. If you are reporting an installment sale occurring on or after January 1, 2003, report those gains on Form 2, Schedule D.

Lower Capital Gains Tax Rate for Gains from the Sale of Stock in Certain Massachusetts-Based Start-Up Corporations

Effective for tax years beginning on or after January 1, 2011, gains derived from the sale of investments which meet certain requirements are taxed at a rate of 3% instead of 5.1%. In order to qualify for the 3% rate, investments must have been made within five years of the corporation’s date of incorporation and must be in stock that generally satisfies the definition of qualified small business stock under IRC § 1202(c), without regard to the requirement that the corporation be a C corporation. In addition, the stock must be held for three years or more and the investments must be in a corporation which: (a) is domiciled in Massachusetts, (b) is incorporated on or after January 1, 2011, (c) has less than $50 million in assets at the time of investment, and (d) complies with certain of the active business requirements of § 1202 of the IRC, i.e., § 1202(e)(1), (e)(2), (e)(5), and (e)(6). To be eligible as qualified small business stock under IRC § 1202(c), the stock must be acquired by the taxpayer at its original issue (directly or through an underwriter) in exchange for money, property, or as compensation for services provided to the corporation. During substantially all of the taxpayer’s holding period, at least 80% of the value of the corporation’s assets must be used in the active conduct of one or more qualified businesses. As a result of the required holding period of three years or more for small business stock, tax year 2014 was the first year that the 3% rate was operative. For other requirements pertaining to gain from the sale of qualifying small business stock, see TIR 10-15.

Note: If you are reporting a sale of stock in a certain Massachusetts-based start-up corporation(s), do not file Schedule D. Instead, you must report that gain(s) on Schedule D-IS, Installment Sales or qualified small business stock gain. Schedule D-IS can be obtained on DOR’s website at mass.gov/dor.

Name of Estate or Trust

Enter the exact legal name of the entity. If an estate or trust, refer to the governing instrument. Other fiduciaries should use the exact legal name as their appointing court ruled.

Estate or Trust Employer Identification Number

Enter the U.S. Employer Identification number. If you do not have one, U.S. Form SS-4, Application for Employer Identification number, should be used to apply for one. Do not use a decedent’s Social Security number for an estate. A separate Employer Identification number is required for the estate and for each trust entity.

Line 1. Long-Term Capital Gains and Losses

Enter the gain or loss included on U.S. Form 1041, Schedule D, lines 8 through 10, column h.

Line 2. Additional Long-Term Capital Gains and Losses

Enter the gain or loss included on U.S. Form 1041, Schedule D, line 11, column h.

Line 3. Net Long-Term Gain or Loss from Partnerships, S Corporations, Estates, and Trusts

Enter the gain or loss included on U.S. Form 1041, Schedule D, line 12, column h.

Line 4. Capital Gain Distributions

Enter the amount of capital gain distributions reported to you by a mutual fund or real estate investment trust included on U.S. Form 1041, Schedule D, line 13, column h.

Line 5. Gain From U.S. Form 4797

Enter the gain or loss included on U.S. Form 1041, Schedule D, line 14, column h.

Line 6. Massachusetts Long-Term Capital Gains and Losses Included in U.S. Form 4797, Part II

Enter amounts included on U.S. Form 4797, Part II treated as capital gains or losses for Massachusetts purposes (not included on lines 1 through 5 above). These include ordinary gains from sales of IRC § 1231 property; recapture amounts under IRC §§ 1245, 1250 and 1255; IRC § 1244 losses (losses on small business stock); and the loss on the sale, exchange, or involuntary conversion of property used in a trade or business.

Line 7. Carryover Losses from Previous Years

If you have a carryover loss from a prior year, enter on line 7 the amount of carryover loss from your 2017 Massachusetts Form 2, Schedule D, line 19.

Line 8. Subtotal

Combine lines 1 through 7 and enter the result on line 8.

Line 9. Differences

Enter any differences between the gains or losses reportable for Massachusetts tax purposes and the U.S. gains or losses reported on Massachusetts Form 2, Schedule D and U.S. Form 4797, Part II. Enter the amount of common trust fund gain included on line 8. This amount would have been carried over from your U.S. Form 1041, Schedule D, and is properly reported on Form 2, line 32.

Differences include:

- Capital gains or losses that occurred while the taxpayer was legally domiciled in another state or country during the taxable year;
- Capital gains or losses from transactions reported as installment sales for U.S. income tax purposes but not for Massachusetts;
- Massachusetts has adopted basis adjustment rules to take into account differences between Massachusetts and U.S. tax laws; and
- Gains from pre-1996 installment sales classified as ordinary income for Massachusetts purposes and reported on Massachusetts Form 2, Schedule D, line 8 should be reported on Massachusetts Form 2, Schedule D, line 9 (“Differences”). The amount of such gain classified as ordinary income should then be reported on Form 2, line 6 (“Other income”) and identified as 2018 gain from pre-1996 installment sale. Any entry on line 9 must be clearly explained in an enclosed statement.

Line 10. Massachusetts 2018 Gains or Losses

Exclude/subtract line 9 from line 8.

Line 11. Long-Term Gains on Collectibles and Pre-1996 Installment Sales

Enter on line 11 the amount of long-term gains on collectibles and pre-1996 installment sales classified as capital gain income for Massachusetts purposes that are included on line 10. Gains from pre-1996 installment sales are classified as either capital gains or ordinary income under the Massachusetts law in effect on the date the sale or exchange took place. Gains from pre-1996 installment sales that are classified as capital gains and long-term gains on collectibles should be reported as 12% income on Massachusetts Form 2, Schedule B, line 13 and are eligible for a 50% long-term deduction. Gains from pre-1996 installment sales classified as ordinary income and reported on Massachusetts Form 2, Schedule D, line 8 should be reported on Massachusetts Schedule D, line 9 (“Differences”). The amount of such gain classified as ordinary income should then be reported on Form 2, line 6 (“Other income”) and identified as 2018 gain from pre-1996 installment sale. Collectibles are defined as any capital asset that is a collectible within the meaning of IRC § 408(m), as amended and in effect for the taxable year, including works of art, rugs, antiques, metals, gems, stamps, alcoholic beverages, certain coins, and any other items treated as collectibles for federal tax purposes.

Line 12. Subtotal

Subtract line 11 from line 10 and enter the result on line 12. If Form 2, Schedule D, line 12 is a loss and Form 2, Schedule B, line 23 is 0 or less, omit Form 2, Schedule D, line 13 and enter the amount from Form 2, Schedule D, line 12 on Form 2, Schedule D, line 14 and enter 0 on Form 2, line 31. If Form 2, Schedule D, line 12 is a gain and Form 2, Schedule B, line 23 is a loss, go to Form 2, Schedule D, line 13. If Form 2, Schedule D, line 12 is a loss and Form 2, Schedule B, line 23 is a positive amount, go to Form 2, Schedule D, line 13. If Form 2, Schedule D, line 12 is a gain, and Form 2, Schedule B, line 23 is 0 or greater, omit Form 2, Schedule D, lines 13 through 15 and enter the amount from Form 2, Schedule D, line 12 on Form 2, Schedule D, line 16.

Line 13. Capital Losses Applied Against Capital Gains

If Form 2, Schedule D, line 12 is a positive amount and Form 2, Schedule B, line 23 is a loss, enter the smaller of Form 2, Schedule D, line 12 or Form 2, Schedule B, line 23 (considered as positive amount) on Form 2, Schedule D, line 13 and Form 2, Schedule B, line 24.

If Form 2, Schedule D, line 12 is a loss and Form 2, Schedule B, line 26 is a positive amount, enter the smaller of Form 2, Schedule D, line 12 (considered as a positive amount) or Form 2, Schedule B, line 26 on Form 2, Schedule D, line 13 and in Form 2, Schedule B, line 27.

Line 14. Subtotal

If line 12 is less than 0, combine lines 12 and 13. If line 12 is greater than 0, subtract line 13 from line 12.

Line 15. Long-Term Capital Losses Applied Against Interest and Dividends

Complete the Long-Term Capital Losses Applied Against Interest and Dividends Worksheet for Form 2, Schedule B, Line 34 and Form 2, Schedule D, Line 15 only if Form 2, Schedule B, line 33 is a positive amount and Form 2, Schedule D, line 14 is a loss.

Line 16. Subtotal

Combine line 14 with line 15 and enter the result on line 16. If Form 2, Schedule D, line 16 is 0, enter 0 in lines 17 through 19. If Form 2, Schedule D, line 16 is a loss, omit lines 17 and 18 and enter the amount from line 16 on line 19 and enter 0 on Form 2, line 31.

Line 17. Allowable Deductions From Your Trade or Business

Generally, taxpayers may not use excess 5.1% trade or business deductions to offset other income. However, Massachusetts law allows such offsets if the following requirements are met: the excess 5.1% deductions must be adjusted gross income deductions allowed under MGL ch 62, § 2(d) and these excess deductions may only be used to offset other income which is effectively connected with the active conduct of a trade of business or any other income allowed under IRC § 469(d)(1)(B) to offset losses from passive activities. Enclose Schedule C-2 with your return. Enter on line 17 the amount from Schedule C-2, line 14.

Line 18. Subtotal

Subtract line 17 from line 16 and enter the result on line 18 and on Form 2, line 31. Not less than 0.

Line 19. Available Losses for Carryover

Enter the amount from Form 2, Schedule D, line 16, only if it is a loss.

Schedule E

Rental, Royalty and REMIC Income or Loss

Enclose a copy of the U.S. Schedule E and U.S. Form 8582.

Note: Income from rental property located in or outside Massachusetts is subject to taxation on Form 2, Fiduciary Income tax Return, if it is accumulated for unknown or unascertained persons, or persons with uncertain interests. For a decedent's estate, if the executor is authorized or directed in the will to occupy the decedent's realty and collect rents therefrom, or in the absence of a will, the court decree, appointing a temporary executor or administrator, authorizes the same, then to the extent of any income collected, it is reported on line 1a. Generally, the income is reported on the personal income tax return of the heir or devisee taking either title or control and possession of the property, because under Massachusetts law, title to real property vests immediately upon death in the devisees or heirs at law. However, the income is reported on Form 2 when the real estate is under administration or the person taking title or possession is the executor or administrator.

Name of Estate or Trust

Enter the exact legal name of the entity. If an estate or trust, refer to the governing instrument. Other fiduciaries should use the exact legal name as their appointing court ruled.

Estate or Trust Employer Identification Number

Enter the U.S. Employer Identification number. If you do not have one, U.S. Form SS-4, Application for Employer Identification number, should be used to apply for one. Do not use a decedent's Social Security number for an estate. A separate Employer Identification number is required for the estate and for each trust entity.

Line 1a. Rental and Royalty Income or Loss

Enter on line 1a the total rental and royalty income or loss from U.S. Form 1040, Schedule E, Part I, line 26 and Part V, line 40.

Line 1b. Real Estate Mortgage Investment Conduit (REMIC) Income or Loss

Enter on line 1b the total Real Estate Mortgage Investment Conduit (REMIC) residual income or loss from U.S. Schedule E, Part IV, line 39.

Line 1. Subtotal

Combine lines 1a and 1b, and enter on line 1.

Line 2. Massachusetts Differences

Enter and explain on line 2 any differences between rental, royalty, and REMIC income reported on your U.S. return and your Massachusetts return. Possible differences include part-year resident status, trust provisions, deductible royalties from approved U.S. energy conservation patents, and passive losses as described below. Explain the differences in the space provided or enclose an additional sheet if necessary.

Deductible Royalties From Approved U.S. Energy

Conservation Patents

Enter any income you received from certain U.S. patents that are approved by the Massachusetts Division of Energy Resources as being useful for energy conservation or for alternative energy development. For more information, contact the Division of Energy Resources at (617) 727-4732. If such approved patent income is other than royalty income, use the applicable schedule and explain.

Passive Losses

As a result of differences in U.S. and Massachusetts rules in 1987, the calculations you made for passive losses on your 1987 U.S. and Massachusetts returns may have differed. Differences in amounts reported in 1987 for U.S. and Massachusetts tax purposes should be adjusted when the property is disposed of or the deduction is used up. In addition, passive losses allowed for Massachusetts tax purposes in 1987, but carried over for U.S. tax purposes, cannot be used again for Massachusetts tax purposes when such carryover losses are eventually allowed for U.S. tax purposes. To the extent there are applicable adjustments for Massachusetts differences, taxpayers must calculate allowable losses on a pro forma U.S. Form 8582, Passive Activity Loss Limitations, which should then be enclosed with Form 2.

Line 3. Abandoned Building Renovation Deduction

In line 3 enter 10% of the costs incurred in renovating a qualifying abandoned building in an Economic Opportunity Area. For further information, contact the Massachusetts Office of Business Development at (617) 973-8600.

Line 4. Total Rental, Royalty and REMIC Income or Loss for Massachusetts

Combine lines 1, 2 and 3. Enter the total on line 4 of Schedule E and on Form 2, line 4.

Form 2G

Grantor's/Owner's Share of a Grantor-Type Trust

Massachusetts follows the IRC grantor-type trust rules as contained in IRC §§ 671 through 678. See MGL ch 62, § 10. Under MGL ch 62, § 10(e), if the grantor or another person is treated as the owner of any portion of a trust by reason of the provisions of §§ 671 to 678, inclusive, of the IRC, the trust is a grantor trust and its income is taxable to the grantor or such other person, not to the trust. Generally, a grantor-type trust exists when one of the following is present:

- The trust income is distributable to/or accumulated for the benefit of the grantor or the grantor's spouse;
- The grantor holds a reversionary interest in the trust which is not postponed beyond a 10-year period;
- The grantor has the power to revoke the trust in his/her favor;
- The grantor has the power to control the beneficial enjoyment of the trust corpus or income;
- The grantor has retained certain administrative powers with respect to the trust; and
- A person, other than the grantor, has the power to obtain the trust corpus or income. Generally, the fiduciary of a grantor trust is required to file with DOR an informational return, Form 2G, along with a schedule indicating the items of income, deductions, and credits against tax attributable to the trust that are treated as owned by and taxable to the grantor/owner. Additionally, the fiduciary must give a copy of the schedule to the grantor/owner, who is required to report the income, deductions, and credits reported on the schedule on his Massachusetts individual income tax return. Notwithstanding the above, similar to one of two reporting options offered federally under Treasury Regulations § 1.671-4, no Form 2G will be required to be filed with DOR by the fiduciary of a grantor trust as long as the following three requirements are met:
- The grantor trust has only one owner, a Massachusetts resident;
- That owner is also the trustee or co-trustee of the trust; and
- The trustee has provided all payors of trust income the name and taxpayer identification number of the grantor and the address of the trust.

Note: A resident grantor treated as an owner of a grantor-type trust is liable for making his own estimated tax payments, as applicable, on Form 1-ES. This is not the case when the owner is a nonresident grantor, however. In such cases, the trustee must make estimated tax payments on behalf of the nonresident grantor on Form 2-ES. Fiduciary expenses and compensation are not deductible. All supporting details, e.g., Form 2, Schedule D, if there are long-term capital gains or losses, must be enclosed.

Note: Massachusetts has not adopted Treas. Reg. § 1.671-4(b) regarding consolidated filing of grantor-type trusts.

Due Date of Return

Form 2G is due on or before April 17, 2019. If filing on a fiscal year basis, the return is generally due on or before the 15th day of the fourth month after the close of the fiscal year. Mail Form 2G to **Massachusetts Department of Revenue, PO Box 7017, Boston, MA 02204**. Direct fiduciary inquiries (not returns) to **Massachusetts Department of Revenue, Customer Service Bureau, PO Box 7010, Boston, MA 02204**, or call (617) 887-MDOR.

Line 22. Massachusetts Income Tax Withheld

Massachusetts income taxes withheld under the Entity Identification number, as indicated on your copies of Forms W-2, W-2G, 1099-G, and 1099-R, should be included on line 22. Be sure you enclose copies of these forms with your 2G return; otherwise your claim of amounts withheld will not be allowed. If you have lost a form, ask the payer for a duplicate. Copies of Forms 1099-G and 1099-R need only be enclosed if they show an amount for Massachusetts tax withheld.

Line 23. Nonresident Withholding and Pooled Income Fund/Charitable Remainder Annuity or Unitrust Withholding

Nonresident withholding. A trustee is required to deduct and withhold from any income subject to taxation (Massachusetts source income-MGL ch 62, § 5A) at the applicable rates when the grantor or other owner is a nonresident. Form 2-ES is to be used for this purpose. The total payments withheld must be entered on line 23 of Form 2G, and the nonresident grantor or owner must claim such total paid over by the trustee on his/her individual income tax return.

Pooled income fund/charitable remainder annuity or unitrust withholding. A Massachusetts trustee of a pooled income fund, a charitable remainder annuity trust or a charitable remainder unitrust who makes payment to a Massachusetts beneficiary of taxable income is required to deduct and withhold tax on that income at the applicable rates. Form 2-ES is to be used for this purpose. The total payments withheld must be entered on line 23 of Form 2G, and the beneficiary must claim such total paid over by the trustee on his/her individual income tax return.

Line 24. Massachusetts Income Tax Paid By Trustee

Add lines 22 and 23, and enter the result in line 24. This is the amount the grantor or beneficiary will include on their Form 1, line 38 or Form 1-NR/PY, line 42 as Massachusetts income tax withheld.

Schedule H

Expenses and Fiduciary Compensation

The Schedule H deductions apply to every executor, administrator, trustee, guardian, conservator, trustee in bankruptcy or receiver of a resident trust or estate, with the exception of a trustee of a pooled income fund or a trustee of a charitable remainder annuity trust or unitrust. Schedule H deductions are specifically allowed by statute and include an expense deduction and a fiduciary compensation deduction.

Expense Deduction

Fiduciaries may take an amortization deduction for premiums paid upon bonds held by the estate or trust, but only if the bond income is taxable. In addition, fiduciaries may take a deduction for a portion of their expenses for safe deposit box rentals and surety bond premiums. These expenses must have been incurred and actually paid during the tax year covered by the return in order to be allowed as a deduction. The expense deduction must be allocated between taxable and nontaxable Part A income, and only the taxable portion is deductible. No deduction is allowed against Part B 5.1% income or Part C 5.1% Capital Gains. The deductible portion is calculated by computing the ratio of taxable Part A income, over total taxable and nontaxable Part A income, from all sources.

Expenses of Trustees in Bankruptcy

Ordinary and necessary business expenses of a trustee in bankruptcy engaged in the business of managing and liquidating a bankrupt estate are deductible against Part B 5.1% income. The remainder of these expenses may be taken as an excess trade or business deduction against other income as long as such income is derived from the trustee's investment of the liquidated assets which have not yet been distributed. For more information, see LR 82-66.

Note: These expenses are not deductible on Schedule H. They are to be reported on Massachusetts Schedule C-2, and a copy of Massachusetts Schedules C and C-2 must be enclosed with Form 2.

Part 1. Expense Deduction Computation

Line 1. Total Expenses

Enter on line 1a the amount actually paid during the taxable year for safe deposit box rentals. Enter on line 1b the amount actually paid during the taxable year for premiums on surety bonds. Add lines 1a and 1b, and enter the total on line 1.

Line 2. Total Taxable Part A Income

Add Form 2, Schedule B, line 36 and Form 2, lines 15 and 24. This is your total taxable Part A income for the year.

Line 3. Total Taxable and Nontaxable Part A Income

Line 3a. Add Form 2, Schedule B, lines 4, 12, 13, 14, and Form 2, lines 15 and 24, and enter the total here.

Line 3b. Enter the total amount of common trust fund interest and dividends that are included in Form 2, line 15 that are also included in Schedule B, line 4 here.

Line 3c. Enter the total amount of Massachusetts bank interest included in Schedule B, line 6 that is also included in Schedule B, line 4 here.

Line 3d. Add lines 3b and 3c, and enter the total here.

Line 3. Subtract line 3d from 3a, and enter the total here. Not less than 0. This is your total Part A income (taxable and nontaxable) for the year.

Line 4. Percentage of Taxable Part A Income

Divide line 2 by line 3, and enter the percentage here. This is your percentage of taxable Part A income to total Part A income for the year.

Line 5. Maximum Expense Deductions Allowed

Multiply your total expenses in line 1 by the percentage in line 4, and enter the result here and on Form 2, Schedule B, line 37a. This is the maximum expense deduction you are allowed against Part A income.

Part 2. Fiduciary Compensation Deduction Computation

Line 6. Total Fiduciary Compensation Paid

Enter the fiduciary compensation actually paid during the taxable year.

Note: None of the following expenses are deductible on Form 2: estate administrative expenses, executor's expenses, executor's commissions, attorney fees, accountant fees, and tax preparer fees.

Line 7. Total Taxable 5.1% Income

Enter here the amount from Form 2, line 7. This is your total Part B 5.1% income for the year.

Line 8. Total Taxable and Nontaxable Part A Income

Line 8a. Add Form 2, Schedule B, lines 4, 12, 13 and 14; and Form 2, lines 15 and 24. Enter the total here.

Line 8b. Enter the total amount of common trust fund interest and dividends that are included in Form 2, line 15 that are also included in Schedule B, line 4.

Line 8c. Enter the total amount of Massachusetts bank interest included in Schedule B, line 6 that is also included in Schedule B, line 4.

Line 8d. Add lines 8b and 8c, and enter the total here.

Line 8. Subtract line 8d from 8a, and enter the total here. Not less than 0. This is your total Part A income (taxable and nontaxable) for the year.

Line 9. Long-Term Capital Gains (excluding collectibles)
Subtract Form 2, Schedule D, line 11 from Form 2, Schedule D, line 8 and add Form 2, line 32, and enter the total here.

Line 10. Total Income
Add lines 7 through 9, and enter the total here.

Line 11. Percentage of Taxable Part A Income to Total Income
Divide line 8 by line 10 and enter the percentage here. This is your percentage of taxable Part A income to total income (Part B 5.1% income, Part A interest, dividend, and 12% capital gain income, and Part C capital gain income) for the year.

Line 12. Amount of Fiduciary Compensation Paid on Part A Income
Multiply line 11 by line 6, and enter the result here. This represents the amount of fiduciary compensation actually paid on Part A income. Compensation paid on Part B 5.1% or Part C capital gain income is not deductible.

Line 13. Total Interest, Dividend and Short-Term Capital Gains
Add Form 2, Schedule B, line 36 and Form 2, lines 15 and 24, and enter the total here.

Line 14. Total Taxable and Nontaxable Income
Enter the amount from line 8. This is your total Part A income (taxable and nontaxable) for the year.

Line 15. Percentage of Taxable Part A Income to Total Part A Income
Divide line 13 by line 14, and enter the percentage here. This is your percentage of taxable Part A income to total Part A income for the year.

Line 16. Amount of Fiduciary Compensation Paid on Taxable Part A Income
Multiply line 15 by line 12, and enter the total here. This represents the amount of fiduciary compensation actually paid on taxable Part A income. Compensation allocated to nontaxable Part A income is not deductible.

Line 18. Maximum Fiduciary Compensation Deduction Allowed
Enter here and on Form 2, Schedule B, line 37b, the amount from line 16 or 17, whichever is smaller. This is the maximum fiduciary compensation deduction you are allowed to take against Part A income.

Schedule IDD

Income Distribution Deduction

Estate and trust income includable in the federal gross income of a beneficiary by reason of IRC § 652 (the section of the IRC that determines the amount and character of the gross income includable by a simple trust beneficiary) or § 662 (the section of the IRC that determines the amount and character of the gross income includable by a complex trust beneficiary) is no longer taxable at the estate or trust level; rather it is to be taken into account in calculating the beneficiary's Massachusetts taxable income under MGL ch 62, § 2. To avoid double taxation, a trustee or other fiduciary receiving income included in the gross income of a beneficiary by reason of IRC §§ 652 or 662 is allowed a deduction on Form 2 in computing the taxable income of the estate or trust for that portion of Part A, B or C income attributable to such beneficiary. The amount deductible on Form 2, line 10 from Part B income; line 17 from Part A Interest and Dividend Income; line 26 from Part A 12% Capital Gains; and line 34 from Part C 5.1% Capital Gains is to be calculated on Schedule IDD, Income Distribution Deduction.

Note: Schedule IDD does not apply when all of the income is accumulated within the estate or trust.

Note: The taxation of grantor-type trusts, pooled income funds, charitable remainder annuity trusts, and charitable remainder unitrusts has not been affected by the above law change. The income from these entities continues to be taxed as it has been taxed in the past. Additionally, estate or trust income not includable in the federal gross income of a beneficiary by reason of the above IRC sections continues to be taxable at the trust level.

65-Day Election Does Not Apply

In determining the amount paid, credited, or otherwise required to be distributed to a beneficiary (lines 3, 8, 13, and 18 of Schedule IDD), Massachusetts has not adopted the 65-day election available to estates and complex trusts federally under IRC § 663(b). Therefore, any distribution or portion thereof to a beneficiary made within the first 65 days following the close of the 2018 taxable year, treated federally as having been distributed in 2018, is not includible on Schedule IDD. Rather, it is to be treated for Massachusetts purposes in the 2018 taxable year as accumulated income and is taxable at the estate or trust level, with one exception. Non-Massachusetts source income accumulated for a vested nonresident beneficiary is not taxable at the estate or trust level, but is deductible on Form 2, lines 12, 19, 28, or 36, as applicable.

Note: Any distribution or portion thereof to a beneficiary made within the first 65 days following the close of the 2018 taxable year will be treated in the year of distribution, i.e., 2018, as a tax free distribution and will not be includible on the 2018 Schedule IDD.

Vested Nonresidents and Charities

Income actually paid to vested nonresident beneficiaries and or charities is to be included as part of the income distribution deduction calculation and is reportable on Schedule IDD, as applicable. Such income is not subject to the Nonresident/Charitable Deduction and is not includible on Form 2, lines 12, 19, 28, or 36. Income accumulated or irrevocably set aside for vested nonresident beneficiaries and or charities, on the other hand, is not subject to an income distribution deduction and is not reportable on Schedule IDD.

Schedule 2K-1

Beneficiary's Massachusetts Information

Use Schedule 2K-1, Beneficiary's Massachusetts Information, to report a beneficiary's share of income, deductions, and credits from a decedent's estate or a trust. Grantor-type trusts do not use Schedule 2K-1 to report the income, deductions or credits of the grantor or other person treated as the owner. Form 2G, Grantor's/Owner's Share of a Grantor-Type Trust, is used for that purpose.

Who Must File

Trustees or other fiduciaries must enclose a copy of Schedule 2K-1 for each beneficiary with the estate's or trust's Form 2, Fiduciary Income Tax Return, filed with the Commonwealth. Each beneficiary must also be given a copy of his respective Schedule 2K-1. One copy of each Schedule 2K-1 must be retained for the trustee's or fiduciary's records.

Beneficiary's Tax Year

The beneficiary's income from the estate or trust must be included in the beneficiary's return for the taxable year in which the estate's or trust's taxable year ends.

Nonresident Beneficiaries

A nonresident beneficiary receiving income from an estate or trust is taxed only on income that is derived from Massachusetts sources. Where an estate or trust derives income from both within and outside Massachusetts, it will be necessary to determine what portion of the beneficiary's share of income is from sources within and outside Massachusetts so as to properly allocate and report the income on Schedule 2K-1.

Massachusetts Source Income

Income derived from or effectively connected with:

- Any trade or business, including any employment carried on by the taxpayer in the Commonwealth, whether or not the nonresident is actively engaged in a trade or business or employment in the Commonwealth in the year in which the income is received;

◗ The participation in any lottery or wagering transaction within the Commonwealth; or

◗ The ownership of any interest in real or tangible personal property located in the Commonwealth.

Gross income derived from or effectively connected with any trade or business, including any employment, carried on by the taxpayer in the Commonwealth includes: gain from the sale of a business or of an interest in a business; distributive share income; separation, sick, or vacation pay; deferred compensation and nonqualified pension income not prevented from state taxation by the laws of the United States; and income from a covenant not to compete. Examples of Massachusetts source income include:

◗ All wages, salaries, tips, bonuses, fees, and other compensation which relate to activities carried on in Massachusetts, regardless of where or when the income is received;

◗ Unemployment compensation related to previous Massachusetts employment;

◗ Profit from a business, trade, profession, partnership, or S corporation conducted in Massachusetts;

◗ Rents and royalties from real and tangible personal property located in Massachusetts or from other business activities in Massachusetts;

◗ Gain from the sale of real or tangible personal property located in Massachusetts;

◗ Interest and dividends, but only if derived from or connected with a Massachusetts business activity or the ownership of Massachusetts real estate or tangible personal property; and

◗ The definition of Massachusetts source income now includes gain from the sale of a business or an interest in a business, separation, sick or vacation pay, deferred compensation, income from covenants not to compete, and nonqualified pension income that federal law allows states to tax.

Name of Estate or Trust

Enter the exact legal name of the entity. If an estate or trust, refer to the governing instrument. Other fiduciaries should use the exact legal name as their appointing court ruled.

Estate or Trust Employer Identification Number

Enter the U.S. Employer Identification number. If you do not have one, U.S. Form SS-4, Application for Employer Identification number, should be used to apply for one. Do not use a decedent's Social Security number for an estate. A separate Employer Identification number is required for the estate and for each trust entity.

Name of Beneficiary

As used in this Schedule, beneficiary means income beneficiary. A trust income beneficiary is a beneficiary who is entitled to receive the income from the trust. If filing for other than a trust, enter the name and address of the person receiving the income.

Legal Domicile of Beneficiary

A legal domicile is a person's permanent home.

Beneficiary's Identification Number

Enter the Social Security number of the beneficiary if the beneficiary is an individual beneficiary. Enter the Employer Identification number of the beneficiary if the beneficiary is an entity beneficiary.

Name of Fiduciary

Enter the exact legal name and title of the fiduciary. In case of multiple fiduciaries, one name is sufficient.

Mailing Address of Fiduciary

Enter the mailing address of the fiduciary listed on the first line.

Care/of Address

If the mailing address is the address of a legal firm or of a person other than the fiduciary, that person or firm should be listed on the c/o line.

Allocable Share Items

Column a. Enter the amounts from your federal 1041, Schedule K-1, allocable to the beneficiary.

Column b. Enter the adjustments resulting from differences between Massachusetts and federal law for each specific line item.

Column c. Combine columns a and b and enter the result in column c. The amounts entered in column c are used to report the amount entered on Form 2 for each specific line item allocable to the beneficiary.

Column d. The amounts entered are used to report Massachusetts source income, loss, and credits allocable to the beneficiary, but only if the beneficiary is a nonresident of Massachusetts.

Lines 14 to 30

The credits reported on Form 2, lines 42 and 43 may be passed through to beneficiaries on Form 2, line 45 and Schedule 2K-1, lines 14 to 30. Alternatively, they may be taken at the estate or trust level on Form 2, line 46. These alternatives are mutually exclusive. If the credits are passed through to a beneficiary, any credits that cannot be applied in the taxable year for which a carryover is allowed may be carried over and applied against the beneficiary's personal income tax liability in succeeding taxable years. Carryovers may not be claimed at the estate or trust level in such cases.

Line 31. Estimated Tax Payments Made on Behalf of Nonresident Beneficiary by Fiduciary

A trustee or other fiduciary having control of the payment to a nonresident individual beneficiary subject to tax at the beneficiary level under MGL ch 62, §§ 5A and 10(h), must make estimated tax payments on behalf of the nonresident individual beneficiary on Form 1-ES, Massachusetts Estimated Income Tax. In reporting the estimated tax payments made on behalf of the nonresident individual beneficiary on Schedule 2K-1, the amount withheld should be entered on line 31. Such amount cannot be used to reduce the amount of income taxable to the beneficiary; rather, it is allowed as a credit on his return of income against the amount of income tax computed thereon and should be reported by the beneficiary on the "Massachusetts estimated tax payments" line of Form 1-NR/PY. For more information, see DOR Directive 07-4. A trustee or other fiduciary having control of the payment to a nonresident entity beneficiary subject to tax at the beneficiary level under MGL ch 62, §§ 5A and 10(h), must make estimated tax payments on behalf of the nonresident entity beneficiary on Form 2-ES. In reporting the estimated tax payments made on behalf of the nonresident entity beneficiary on Schedule 2K-1, the amount withheld should be entered on line 31. Such amount cannot be used to reduce the amount of income taxable to the entity beneficiary; rather, it is allowed as a credit on its return of income against the amount of income tax computed thereon and should be reported by the entity beneficiary on the "Massachusetts estimated tax payments" line of the form used as an income tax return by the beneficiary. For more information, see DOR Directive 07-4.

Line 32. Refundable Film Credit

The refundable film credit may be passed through to a beneficiary on line 32 of Schedule 2K-1 only if not claimed at the estate or trust level on line 53 of Form 2. These alternatives are mutually exclusive. For more information, see the instructions for Form 2, line 53. If the credit is passed through to a beneficiary on line 32, be sure to enclose Schedule RFC. Failure to enclose Schedule RFC will result in the credit being disallowed on the beneficiary's tax return and an adjustment of the beneficiary's reported tax.

Line 33. Refundable Dairy Credit

The refundable dairy credit may be passed through to a beneficiary on line 33 of Schedule 2K-1 only if not claimed at the estate or trust level on line 53 of Form 2. These alternatives are mutually exclusive. For more information, see the instructions for Form 2, line 53. If the credit is passed through to a beneficiary on line 33 be sure to enter the Department of Agricultural Resources-issued certificate number in the space provided on line 33.

Line 34. Refundable Conservation Land Tax Credit

The refundable conservation land tax credit may be passed through to a beneficiary on line 34 of Schedule 2K-1 only if not claimed at the estate or trust level on line 53 of Form 2. These alternatives are mutually exclusive. For more information, see the instructions for Form 2, line 53. If the credit is passed through to a beneficiary on line 34 be sure to enter the DOR -issued certificate number in the space provided on line 34.

Line 35. Refundable Community Investment Tax Credit Investment Tax Credit

The refundable community investment tax credit may be passed through to a beneficiary on line 35 of Schedule 2K-1 only if not claimed at the estate or trust level on line 53 of Form 2. These alternatives are mutually exclusive. For more information, see the instructions for Form 2, line 53. If the credit is passed through to a beneficiary on line 35 be sure to enter the DOR-issued certificate number in the space provided on line 35.

Line 36. Other Payments

Enter here Massachusetts income taxes withheld under the Employer Identification number of the estate or trust on Forms W-2, W-2G, 1099-G, and 1099-R, but only if not claimed at the estate or trust level on line 48 of Form 2. For more information, see the instructions for Form 2, line 48.t

2018 Massachusetts Income Tax Table at the **5.1% Rate**

Use this table to calculate tax for taxable 5.1% income (line 21) of not more than $24,000.

Line 22 instructions: To find your **tax on 5.1% Income** (line 22), read down the tax table income column to the line containing the amount you entered in line 21. Then read across to the **TAX** column and enter this amount in line 22. If your taxable 5.1% income in line 21 is greater than $24,000, multiply the amount by .051. Enter the result in line 22.

Note: If choosing the optional 5.85% tax rate, multiply line 21 and the amount in Schedule D, line 21 by .0585.

INCOME		TAX
More than	But not more than	
$ 9 –	$ 50	$ 1
50 –	100	4
100 –	150	6
150 –	200	9
200 –	250	11
250 –	300	14
300 –	350	17
350 –	400	19
400 –	450	22
450 –	500	24
500 –	550	27
550 –	600	29
600 –	650	32
650 –	700	34
700 –	750	37
750 –	800	40
800 –	850	42
850 –	900	45
900 –	950	47
950 –	1,000	50
1,000 –	1,050	52
1,050 –	1,100	55
1,100 –	1,150	57
1,150 –	1,200	60
1,200 –	1,250	62
1,250 –	1,300	65
1,300 –	1,350	68
1,350 –	1,400	70
1,400 –	1,450	73
1,450 –	1,500	75
1,500 –	1,550	78
1,550 –	1,600	80
1,600 –	1,650	83
1,650 –	1,700	85
1,700 –	1,750	88
1,750 –	1,800	91
1,800 –	1,850	93
1,850 –	1,900	96
1,900 –	1,950	98
1,950 –	2,000	101
2,000 –	2,050	103
2,050 –	2,100	106
2,100 –	2,150	108
2,150 –	2,200	111
2,200 –	2,250	113
2,250 –	2,300	116
2,300 –	2,350	119
2,350 –	2,400	121
2,400 –	2,450	124
2,450 –	2,500	126
2,500 –	2,550	129
2,550 –	2,600	131
2,600 –	2,650	134
2,650 –	2,700	136
2,700 –	2,750	139
2,750 –	2,800	142
2,800 –	2,850	144
2,850 –	2,900	147
2,900 –	2,950	149
2,950 –	3,000	152
3,000 –	3,050	154
3,050 –	3,100	157
3,100 –	3,150	159
3,150 –	3,200	162
3,200 –	3,250	164
3,250 –	3,300	167
3,300 –	3,350	170
3,350 –	3,400	172
3,400 –	3,450	175
3,450 –	3,500	177
3,500 –	3,550	180
3,550 –	3,600	182
3,600 –	3,650	185
3,650 –	3,700	187
3,700 –	3,750	190
3,750 –	3,800	193
3,800 –	3,850	195
3,850 –	3,900	198
3,900 –	3,950	200
3,950 –	4,000	203

INCOME		TAX
More than	But not more than	
$ 4,000 –	$ 4,050	$ 205
4,050 –	4,100	208
4,100 –	4,150	210
4,150 –	4,200	213
4,200 –	4,250	215
4,250 –	4,300	218
4,300 –	4,350	221
4,350 –	4,400	223
4,400 –	4,450	226
4,450 –	4,500	228
4,500 –	4,550	231
4,550 –	4,600	233
4,600 –	4,650	236
4,650 –	4,700	238
4,700 –	4,750	241
4,750 –	4,800	244
4,800 –	4,850	246
4,850 –	4,900	249
4,900 –	4,950	251
4,950 –	5,000	254
5,000 –	5,050	256
5,050 –	5,100	259
5,100 –	5,150	261
5,150 –	5,200	264
5,200 –	5,250	266
5,250 –	5,300	269
5,300 –	5,350	272
5,350 –	5,400	274
5,400 –	5,450	277
5,450 –	5,500	279
5,500 –	5,550	282
5,550 –	5,600	284
5,600 –	5,650	287
5,650 –	5,700	289
5,700 –	5,750	292
5,750 –	5,800	295
5,800 –	5,850	297
5,850 –	5,900	300
5,900 –	5,950	302
5,950 –	6,000	305
6,000 –	6,050	307
6,050 –	6,100	310
6,100 –	6,150	312
6,150 –	6,200	315
6,200 –	6,250	317
6,250 –	6,300	320
6,300 –	6,350	323
6,350 –	6,400	325
6,400 –	6,450	328
6,450 –	6,500	330
6,500 –	6,550	333
6,550 –	6,600	335
6,600 –	6,650	338
6,650 –	6,700	340
6,700 –	6,750	343
6,750 –	6,800	346
6,800 –	6,850	348
6,850 –	6,900	351
6,900 –	6,950	353
6,950 –	7,000	356
7,000 –	7,050	358
7,050 –	7,100	361
7,100 –	7,150	363
7,150 –	7,200	366
7,200 –	7,250	368
7,250 –	7,300	371
7,300 –	7,350	374
7,350 –	7,400	376
7,400 –	7,450	379
7,450 –	7,500	381
7,500 –	7,550	384
7,550 –	7,600	386
7,600 –	7,650	389
7,650 –	7,700	391
7,700 –	7,750	394
7,750 –	7,800	397
7,800 –	7,850	399
7,850 –	7,900	402
7,900 –	7,950	404
7,950 –	8,000	407

INCOME		TAX
More than	But not more than	
$ 8,000 –	$ 8,050	$ 409
8,050 –	8,100	412
8,100 –	8,150	414
8,150 –	8,200	417
8,200 –	8,250	419
8,250 –	8,300	422
8,300 –	8,350	425
8,350 –	8,400	427
8,400 –	8,450	430
8,450 –	8,500	432
8,500 –	8,550	435
8,550 –	8,600	437
8,600 –	8,650	440
8,650 –	8,700	442
8,700 –	8,750	445
8,750 –	8,800	448
8,800 –	8,850	450
8,850 –	8,900	453
8,900 –	8,950	455
8,950 –	9,000	458
9,000 –	9,050	460
9,050 –	9,100	463
9,100 –	9,150	465
9,150 –	9,200	468
9,200 –	9,250	470
9,250 –	9,300	473
9,300 –	9,350	476
9,350 –	9,400	478
9,400 –	9,450	481
9,450 –	9,500	483
9,500 –	9,550	486
9,550 –	9,600	488
9,600 –	9,650	491
9,650 –	9,700	493
9,700 –	9,750	496
9,750 –	9,800	499
9,800 –	9,850	501
9,850 –	9,900	504
9,900 –	9,950	506
9,950 –	10,000	509
10,000 –	10,050	511
10,050 –	10,100	514
10,100 –	10,150	516
10,150 –	10,200	519
10,200 –	10,250	521
10,250 –	10,300	524
10,300 –	10,350	527
10,350 –	10,400	529
10,400 –	10,450	532
10,450 –	10,500	534
10,500 –	10,550	537
10,550 –	10,600	539
10,600 –	10,650	542
10,650 –	10,700	544
10,700 –	10,750	547
10,750 –	10,800	550
10,800 –	10,850	552
10,850 –	10,900	555
10,900 –	10,950	557
10,950 –	11,000	560
11,000 –	11,050	562
11,050 –	11,100	565
11,100 –	11,150	567
11,150 –	11,200	570
11,200 –	11,250	572
11,250 –	11,300	575
11,300 –	11,350	578
11,350 –	11,400	580
11,400 –	11,450	583
11,450 –	11,500	585
11,500 –	11,550	588
11,550 –	11,600	590
11,600 –	11,650	593
11,650 –	11,700	595
11,700 –	11,750	598
11,750 –	11,800	601
11,800 –	11,850	603
11,850 –	11,900	606
11,900 –	11,950	608
11,950 –	12,000	611

INCOME		TAX
More than	But not more than	
$12,000 –	$12,050	$ 613
12,050 –	12,100	616
12,100 –	12,150	618
12,150 –	12,200	621
12,200 –	12,250	623
12,250 –	12,300	626
12,300 –	12,350	629
12,350 –	12,400	631
12,400 –	12,450	634
12,450 –	12,500	636
12,500 –	12,550	639
12,550 –	12,600	641
12,600 –	12,650	644
12,650 –	12,700	646
12,700 –	12,750	649
12,750 –	12,800	652
12,800 –	12,850	654
12,850 –	12,900	657
12,900 –	12,950	659
12,950 –	13,000	662
13,000 –	13,050	664
13,050 –	13,100	667
13,100 –	13,150	669
13,150 –	13,200	672
13,200 –	13,250	674
13,250 –	13,300	677
13,300 –	13,350	680
13,350 –	13,400	682
13,400 –	13,450	685
13,450 –	13,500	687
13,500 –	13,550	690
13,550 –	13,600	692
13,600 –	13,650	695
13,650 –	13,700	697
13,700 –	13,750	700
13,750 –	13,800	703
13,800 –	13,850	705
13,850 –	13,900	708
13,900 –	13,950	710
13,950 –	14,000	713
14,000 –	14,050	715
14,050 –	14,100	718
14,100 –	14,150	720
14,150 –	14,200	723
14,200 –	14,250	725
14,250 –	14,300	728
14,300 –	14,350	731
14,350 –	14,400	733
14,400 –	14,450	736
14,450 –	14,500	738
14,500 –	14,550	741
14,550 –	14,600	743
14,600 –	14,650	746
14,650 –	14,700	748
14,700 –	14,750	751
14,750 –	14,800	754
14,800 –	14,850	756
14,850 –	14,900	759
14,900 –	14,950	761
14,950 –	15,000	764
15,000 –	15,050	766
15,050 –	15,100	769
15,100 –	15,150	771
15,150 –	15,200	774
15,200 –	15,250	776
15,250 –	15,300	779
15,300 –	15,350	782
15,350 –	15,400	784
15,400 –	15,450	787
15,450 –	15,500	789
15,500 –	15,550	792
15,550 –	15,600	794
15,600 –	15,650	797
15,650 –	15,700	799
15,700 –	15,750	802
15,750 –	15,800	805
15,800 –	15,850	807
15,850 –	15,900	810
15,900 –	15,950	812
15,950 –	16,000	815

INCOME		TAX
More than	But not more than	
$16,000 –	$16,050	$ 817
16,050 –	16,100	820
16,100 –	16,150	822
16,150 –	16,200	825
16,200 –	16,250	827
16,250 –	16,300	830
16,300 –	16,350	833
16,350 –	16,400	835
16,400 –	16,450	838
16,450 –	16,500	840
16,500 –	16,550	843
16,550 –	16,600	845
16,600 –	16,650	848
16,650 –	16,700	850
16,700 –	16,750	853
16,750 –	16,800	856
16,800 –	16,850	858
16,850 –	16,900	861
16,900 –	16,950	863
16,950 –	17,000	866
17,000 –	17,050	868
17,050 –	17,100	871
17,100 –	17,150	873
17,150 –	17,200	876
17,200 –	17,250	878
17,250 –	17,300	881
17,300 –	17,350	884
17,350 –	17,400	886
17,400 –	17,450	889
17,450 –	17,500	891
17,500 –	17,550	894
17,550 –	17,600	896
17,600 –	17,650	899
17,650 –	17,700	901
17,700 –	17,750	904
17,750 –	17,800	907
17,800 –	17,850	909
17,850 –	17,900	912
17,900 –	17,950	914
17,950 –	18,000	917
18,000 –	18,050	919
18,050 –	18,100	922
18,100 –	18,150	924
18,150 –	18,200	927
18,200 –	18,250	929
18,250 –	18,300	932
18,300 –	18,350	935
18,350 –	18,400	937
18,400 –	18,450	940
18,450 –	18,500	942
18,500 –	18,550	945
18,550 –	18,600	947
18,600 –	18,650	950
18,650 –	18,700	952
18,700 –	18,750	955
18,750 –	18,800	958
18,800 –	18,850	960
18,850 –	18,900	963
18,900 –	18,950	965
18,950 –	19,000	968
19,000 –	19,050	970
19,050 –	19,100	973
19,100 –	19,150	975
19,150 –	19,200	978
19,200 –	19,250	980
19,250 –	19,300	983
19,300 –	19,350	986
19,350 –	19,400	988
19,400 –	19,450	991
19,450 –	19,500	993
19,500 –	19,550	996
19,550 –	19,600	998
19,600 –	19,650	1,001
19,650 –	19,700	1,003
19,700 –	19,750	1,006
19,750 –	19,800	1,009
19,800 –	19,850	1,011
19,850 –	19,900	1,014
19,900 –	19,950	1,016
19,950 –	20,000	1,019

INCOME		TAX
More than	But not more than	
$20,000 –	$20,050	$1,021
20,050 –	20,100	1,024
20,100 –	20,150	1,026
20,150 –	20,200	1,029
20,200 –	20,250	1,031
20,250 –	20,300	1,034
20,300 –	20,350	1,037
20,350 –	20,400	1,039
20,400 –	20,450	1,042
20,450 –	20,500	1,044
20,500 –	20,550	1,047
20,550 –	20,600	1,049
20,600 –	20,650	1,052
20,650 –	20,700	1,054
20,700 –	20,750	1,057
20,750 –	20,800	1,060
20,800 –	20,850	1,062
20,850 –	20,900	1,065
20,900 –	20,950	1,067
20,950 –	21,000	1,070
21,000 –	21,050	1,072
21,050 –	21,100	1,075
21,100 –	21,150	1,077
21,150 –	21,200	1,080
21,200 –	21,250	1,082
21,250 –	21,300	1,085
21,300 –	21,350	1,088
21,350 –	21,400	1,090
21,400 –	21,450	1,093
21,450 –	21,500	1,095
21,500 –	21,550	1,098
21,550 –	21,600	1,100
21,600 –	21,650	1,103
21,650 –	21,700	1,105
21,700 –	21,750	1,108
21,750 –	21,800	1,111
21,800 –	21,850	1,113
21,850 –	21,900	1,116
21,900 –	21,950	1,118
21,950 –	22,000	1,121
22,000 –	22,050	1,123
22,050 –	22,100	1,126
22,100 –	22,150	1,128
22,150 –	22,200	1,131
22,200 –	22,250	1,133
22,250 –	22,300	1,136
22,300 –	22,350	1,139
22,350 –	22,400	1,141
22,400 –	22,450	1,144
22,450 –	22,500	1,146
22,500 –	22,550	1,149
22,550 –	22,600	1,151
22,600 –	22,650	1,154
22,650 –	22,700	1,156
22,700 –	22,750	1,159
22,750 –	22,800	1,162
22,800 –	22,850	1,164
22,850 –	22,900	1,167
22,900 –	22,950	1,169
22,950 –	23,000	1,172
23,000 –	23,050	1,174
23,050 –	23,100	1,177
23,100 –	23,150	1,179
23,150 –	23,200	1,182
23,200 –	23,250	1,184
23,250 –	23,300	1,187
23,300 –	23,350	1,190
23,350 –	23,400	1,192
23,400 –	23,450	1,195
23,450 –	23,500	1,197
23,500 –	23,550	1,200
23,550 –	23,600	1,202
23,600 –	23,650	1,205
23,650 –	23,700	1,207
23,700 –	23,750	1,210
23,750 –	23,800	1,213
23,800 –	23,850	1,215
23,850 –	23,900	1,218
23,900 –	23,950	1,220
23,950 –	24,000	1,223

If your 5.1% income for the tax table is less than $10, your tax is 0.

Department of Revenue Resources

DOR locations in Massachusetts

Boston
100 Cambridge St.
Boston, MA 02114
(617) 887-6367

Fall River
99 South Main St.
Fall River, MA 02721
(508) 678-2844

Hyannis
60 Perseverance Way
Hyannis, MA 02601
(508) 771-2414

Pittsfield
333 East St.
Pittsfield, MA 01201
(413) 499-2206

Springfieldt
436 Dwight St.
Springfield, MA 01103
(413) 784-1000

Worcester
67 Millbrook St.
Worcester, MA 01606
(508) 792-7300

What kind of help is available

DOR's website at mass.gov/dor is a valuable resource for tax information 24 hours a day. Thousands of taxpayers use DOR's website to e-mail and receive prompt answers to their general tax inquiries. Taxpayers can also check the status of their refunds, make estimated tax payments and review their estimated tax payment histories through the MassTaxConnect section of our website.

Public libraries and DOR district offices (listed on this page) also offer access to DOR's website for those taxpayers who don't otherwise have computer access.

Where to get forms and publications

Most Massachusetts tax forms and publications are available via the DOR website. The address for the Department's website is mass.gov/dor.

To obtain Massachusetts forms and publications by phone, call DOR's main information lines at (617) 887-6367 or toll-free in Massachusetts at (800) 392-6089.

During the income tax filing season, you can pick up Massachusetts personal income tax forms at most local libraries, IRS district offices, and DOR district office tax counters.

Note: To obtain federal tax information and forms via the Internet, go to irs.gov or call the IRS toll-free at (800) 829-3676.

For help in one of the following specific areas

- Certificates of Good Standing: (617) 887-6367
- Installment Sales: (617) 887-6950
- Teletype (TTY): (617) 887-6140
- Small Business Workshop: (617) 887-5660
- Vision-impaired taxpayers can contact DOR by calling one of the phone numbers listed above to receive assistance.
- This publication is available in an alternative format upon request. Send requests to Office of Diversity and Equal Opportunity, PO Box 9557, Boston, MA 02114-9557.

To report allegations of suspected misconduct or impropriety involving DOR employees, call the Inspectional Services Division's Integrity Hotline at (800) 568-0085 or write to PO Box 9568, Boston, MA 02114-9568.