2021 Instructions for Massachusetts Fiduciary Income Tax

Form 2

Includes Schedule 2K-1 Instructions

Massachusetts has electronic filing requirements for this form. See instructions.

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Major 2021 Tax Changes

For more up-to-date and detailed information on tax changes and federal conformity see the dedicated 2021 Tax Changes page on our website at mass.gov/dor. For more information on DOR's response to the COVID-19 pandemic, go to mass.gov/dor.

Schedule 2K-1 Revision

Schedule 2K-1 has been revised and simplified to make it easier to comply with and to bring the schedule more in line with the other Schedules K-1 DOR issues. Income, deduction, and credit columns have been reduced from four to one, similar to the other mentioned Schedules K-1, and Form 2 line item references have been added.

Filing Due Dates

For tax year 2021, Form 2 must be filed on or before April 19, 2022.

Because of the observance of Emancipation Day in Washington D.C. on Friday, April 15, 2022, federal returns otherwise due on April 15 will generally be treated as timely if filed by Monday, April 18, 2022. However, Monday, April 18, 2022, is Patriot's Day, a legal holiday in the Commonwealth of Massachusetts. Therefore, Massachusetts returns and payments with a due date of April 15, 2022, shall be treated as timely if filed and paid on or before April 19, 2022.

Personal Income Tax Rates

Effective for tax years beginning on or after January 1, 2020, the tax rate on most classes of taxable income is 5%. 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%.

Expansion of Certain Electronic Filing and Payment Requirements

TIR 21-9 announced the expansion of electronic filing and payment requirements for certain tax types. The changes for partnerships and fiduciaries are effective for tax periods ending on or after December 31, 2021, and for payments made on or after January 1, 2022. It also announced an expansion of the Department's two-dimensional ("2D") bar code requirements for paper forms produced by tax preparation software programs effective for tax periods ending on or after December 31, 2021.

Revised Guidance on the Massachusetts Tax Implications of an Employee Working Remotely due to the COVID-19 Pandemic

In response to the COVID-19 pandemic, several states, including Massachusetts, declared a state of emergency, and many businesses implemented work-from-home requirements for their employees in response to government orders and public health recommendations. Due to Massachusetts' COVID-19 state of emergency, all compensation paid for services performed prior to September 16, 2021, to non-residents who would generally perform such services in Massachusetts but for a Pandemic-Related Circumstance will be treated as Massachusetts source income subject to Massachusetts personal income tax. The state of emergency was terminated by Executive Order effective June 15, 2021, and the foregoing rule only applied during the state of emergency and for 90 days after its conclusion. Additionally, in consideration of the fact that other states have adopted similar sourcing rules, for tax year 2021 Massachusetts residents who immediately prior to the Massachusetts COVID-19 state of emergency were employees engaged in performing services from a location outside of Massachusetts, and who began performing such services in Massachusetts due to their employing state's COVID-19 state of emergency or other Pandemic-Related Circumstance, will be eligible to claim a credit for taxes paid to that other state, to the extent generally provided under Massachusetts law. For more information about this change, see TIR 20-15.

Dependent Care Tax Credit

Starting with the 2021 tax year, individuals subject to tax under MGL ch 62 are eligible to receive a Dependent Care Tax Credit (DCTC) equal to employment-related expenses for the care of a qualified child under the age of 13, a disabled dependent, or a disabled spouse. To claim the credit a taxpayer must be eligible for the federal Dependent Care Tax Credit allowed under IRC § 21. For taxpayers filing a joint U.S. Form 1040 that are filing separately for Massachusetts purposes, either spouse may claim the DCTC he or she incurred, but their combined DCTC cannot exceed $240 for one qualifying individual or $480 for two or more qualifying individuals. The DCTC is refundable but is not transferrable. A taxpayer claiming the DCTC may not also claim the Household Dependent Tax Credit.

This credit replaces the Dependent Care Deduction for employment related expenses incurred in caring for dependents, which was repealed for tax years beginning on or after January 1, 2021.

Household Dependent Tax Credit

Starting with the 2021 tax year, individuals subject to tax under MGL ch 62 may claim the Household Dependent Tax Credit (HDTC) if they maintain a household as provided under IRC § 21 that includes a dependent that qualifies as a dependent under IRC § 152 and who is under the age of 12, age 65 or over, or is disabled. The amount of the HDTC is $180 if the taxpayer has one dependent or $360 if the taxpayer has two or more dependents. A taxpayer claiming the HDTC may not also claim the Dependent Care Tax Credit.

This credit replaces the deduction for household dependents, which was repealed for tax years beginning on or after January 1, 2021.

Cranberry Bog Renovation Tax Credit

For tax years beginning on or after January 1, 2020, individuals subject to tax under MGL ch 62 that are primarily engaged in cranberry production may be eligible for a Cranberry Bog Renovation Tax Credit (CBRTC), which is equal to 25% of the taxpayer's total qualified renovation expenditures incurred for the qualified renovation of a cranberry bog for the cultivation, harvesting or production of cranberries. The CBRTC is refundable but is not transferrable. However, in lieu of claiming the CBRTC as a refundable tax credit, the taxpayer may carryover unused CBRTC for the next 5 years.

Disability Hire Tax Credit

For tax years beginning on or after January 1, 2023, businesses subject to tax under MGL ch 62 that hire employees with a disability who live and work in Massachusetts may be eligible for a Disability Hire Tax Credit (DHTC). The credit is equal to the lesser of $5,000 or 30% of the wages paid to a qualified employee in the first year of employment, and the lesser of $2,000 or 30% of the wages paid to a qualified employee in each subsequent year of employment. To qualify for the DHTC, the employee must be certified by the Massachusetts Rehabilitation Commission as being disabled under the federal American Disabilities Act, 42 USC § 12102, be capable of working independently, have a mental or physical disability that constitutes or results in a substantial impediment to employment, be hired after July 1, 2021, and be employed by the business for at least 12 consecutive months prior to and in the taxable year in which the DHTC is claimed. The business must be certified by the Massachusetts Rehabilitation Commission. The DHTC is refundable but is not transferrable.

New Optional Pass-Through Entity Excise

For taxable years beginning on or after January 1, 2021, pass-through entities, including S-corporations, partnerships, and certain trusts may elect to pay an optional 5% excise on the income that flows through to shareholders, partners, or beneficiaries subject to the personal income tax. The shareholders, partners, or beneficiaries of the pass-through entity may claim a nontransferable, refundable credit equal to 90% of their allocable share of the entity's excise due. The credit may be claimed in the taxable year in which the pass-through entity's taxable year ends.

Employer-Provided Parking, Transit Pass, and Commuter Highway Vehicle Benefits Exclusion Amounts

Massachusetts adopts Internal Revenue Code ("IRC") § 132(f) as amended and in effect on January 1, 2005, which excludes from an employee's gross income (subject to a monthly maximum) employer-provided parking, transit pass, and commuter highway vehicle transportation benefits. For tax year 2021, the IRS has calculated, based on inflation adjustments contained in IRC § 132(f) as effective on January 1, 2005, the 2021 monthly exclusion amounts of $275 for employer-provided parking and $140 for combined transit pass and commuter highway vehicle transportation benefits. Massachusetts adopts these 2021 monthly exclusion amounts as they are based on the IRC as effective on January 1, 2005. See TIR 20-16.

Delay in reinstatement of the personal income tax deduction for charitable contributions

The Massachusetts charitable deduction, which has been suspended since the 2002 tax year, was scheduled to be reinstated for tax years beginning on or after January 1, 2021. However, this reinstatement has been delayed, and will be available for tax years beginning on or after January 1, 2022. See TIR 21-4 for additional information.

Small Business Loan Forgiveness

Section 1106 of Public Law 116-136, the Coronavirus Aid, Relief, and Economic Security Act (the CARES Act) provides loan forgiveness to small businesses for certain loans made pursuant to the Paycheck Protection Program ("PPP") under the Small Business Act. Furthermore, any amount of cancelled indebtedness resulting from these loans that would otherwise be includable in the gross income for federal income taxes will be excluded from federal gross income. Section 12 of the UI Trust Fund Act provides a deduction for cancellation of debt ("COD") income related to forgiven PPP loans made under § 1102(a) of the CARES Act. The deduction applies to the taxable year beginning January 1, 2020. PPP loan borrowers subject to the Massachusetts personal income tax, including Schedule C filers, certain partners in a partnership, and S corporation shareholders should not include in Massachusetts gross income the amount of a PPP loan forgiven under § 1106(b) of the CARES Act during the 2020 tax year. Taxpayers who have already filed their 2020 personal income tax returns and included forgiven PPP loans in Massachusetts gross income should file an amended return to exclude these amounts. See TIR 21-6 for more information.

Consistent with the federal rules, a deduction is allowed for otherwise deductible expenses that are paid with the proceeds of a PPP loan that is forgiven. See TIR 21-6 for more information.

Changes Related to Federal Tax Reform

As a general rule, Massachusetts does not adopt any federal personal income tax law changes incorporated into the IRC after January 1, 2005. However, certain specific Massachusetts personal income tax provisions, as set forth in MGL c. 62, § 1(c), automatically conform to the current IRC. The 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.

In recent years there have been a few federal acts that have had significant impacts on the Massachusetts personal income tax. Most recently, the enactment of (i) the Federal Consolidated Appropriations Act, 2021 omnibus legislation, which includes the COVID-Related Tax Relief Act of 2020 and the Taxpayer Certainty and Disaster Tax Relief Act of 2020, and (ii) the American Rescue Plan Act of 2021 on December 27, 2020, resulted in several modifications to the Massachusetts personal income tax including (1) an expansion of the federal EITC that impacts the calculation of the Massachusetts EITC, (2) the timing of inclusion in gross income of withdrawals from certain retirement accounts, (3) an exclusion from gross income of a federal tax credit, (4) an exclusion from gross income of discharges of certain student loans, and (5) an exclusion from gross income of child tax credits, (6) a modification to the depreciation period for certain residential rental property from 40 years to 30 years, (6) the treatment of debt forgiven and expenses incurred pursuant to PPP loans, (7) the treatment of expenses paid using proceeds form Shuttered Venue Operator Grants or Restaurant Revitalization Grants, (8) an expansion of the limitation on the deduction of executive compensation paid by publicly traded corporations, and (9) a temporary allowance for businesses to deduct as a business expense the full amount of the cost of food and beverages provided by a restaurant. For more information see Working Draft TIR 21-XX: Massachusetts Tax Implications of Selected Provisions of the Federal Consolidated Appropriations Act, 2021 and the American Rescue Plan Act of 2021.

Prior to that, in 2017 and 2020, Public Law 115-97, commonly known as the Tax Cuts and Jobs Act ("TCJA"), and the CARES Act, also provided for federal changes to a variety of provisions in the IRC that affect the Massachusetts personal income tax. Included among these are changes to the tax treatment of certain medical expenses incurred, treatment of income generated by U.S. individual shareholders of a controlled foreign corporation (CFC), modifications to the tax treatment of retirement funds, plans, and accounts, increases to the allowable charitable deduction, exclusion of certain employer payments from taxable income, and changes to depreciation scheduled and loss limitations. For more information about the TCJA's and CARES Act's changes, see DOR's public written guidance, including TIRs 18-14, 19-6, 19-7, 19-11, and 20-9.

For more information on the differences between federal and Massachusetts income tax rules, please see:

mass.gov/info-details/differences-between-massachusetts-state-tax-law-and-federal-tax-law-for-personal-income

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

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

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 IRC §§ 671 to 678, inclusive, 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. Please see the COVID-19 page at mass.gov/info-details/important-covid-19-response-update-from-dor for more information about special rules related to Massachusetts source income for tax year 2021.

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 Letter Ruling (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 IRC §§ 651 and 652.

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 Massachusetts beneficiaries, non-Massachusetts beneficiaries, 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 by reason of IRC §§ 652 and 662, however, is taxable in Massachusetts to the beneficiary. All other income of a nonresident estate or trust, i.e., all non-Massachusetts source income, is taxable to a Massachusetts beneficiary 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 MGL ch 62 at the entity level or to a beneficiary(ies) and that is subject to Massachusetts jurisdiction must file a Form 2.

Out-of-state Trust Eligible PTE Electing to Pay PTE Excise
If an out-of-state trust is eligible for and desires to elect to pay the PTE Excise (even if it is not otherwise required to file a trust return in Massachusetts), it must make the PTE Excise election on a timely filed Form 2 by completing and submitting the form including all schedules. In addition, it must also file Form 63D-ELT. For more information see the instructions for Form 63D-ELT available at mass.gov.

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 2021 Form 2 is due on or before April 19, 2022.

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.

E-File Mandate
Currently, fiduciaries filing Form 2 or Form 2G with total Part A, Part B, and Part C (as defined in G.L. c. 62, § 2(b)) net taxable income of $50,000 or more are required to make all payments, including estimated payments, by electronic means.

Effective for payments made on or after January 1, 2022, all fiduciary income tax payments of $2,500 or more must be made electronically. This includes estimated payments, extension payments and return payments. Payments may be made electronically using commercial software or through MassTaxConnect.

Effective for tax periods ending on or after December 31, 2021, tax return preparers must file all Massachusetts fiduciary income tax returns (Forms 2 and 2G) electronically, provided the tax return preparer reasonably expects to file more than 10 original Massachusetts Forms 2 and 2G during the calendar year. This requirement parallels the requirement stated in TIR 11-13 regarding the filing of personal income tax returns.

Forms 2 and 2G may be filed electronically using commercial software or through MassTaxConnect.

For more information about the E-file mandate, see TIRs 21-9, 16-9, 09-18, 05-22 and 04-30.

Short Year and Fiscal Year Filers
Fiscal year filers whose fiscal year begins in 2021 and ends in 2022 should file the 2021 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 zero. 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 5.0% 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.

For tax years beginning on or after January 1, 2021, the Massachusetts deduction for employment-related expenses for the care of a qualified child under the age of 13, a disabled dependent or a disabled spouse, and the deduction for household dependents under age 12, or dependent age 65 or over (not the decedent's spouse), or disabled dependent were repealed and replaced with credits. To the extent a ward would qualify for such a credit, it may be claimed on the ward's behalf on line 56.

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 income 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. In contrast. fiduciaries required to deduct and withhold payments under MGL ch 62, § 10(g) on behalf of a nonresident individual beneficiary must make estimated tax payments on the beneficiary's behalf on Form 1-ES using the beneficiary's identification number. For more information, see DOR Directive (DD) 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 DD 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 2021 taxable year, treated federally as having been distributed in 2021, is to be treated for Massachusetts purposes in 2021 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 2021 taxable year will be treated in the year of distribution, i.e., 2022 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?
MGL ch. 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 **Qualified funeral trust** oval. If you file a composite Form 1041-QFT, you may also file a composite Form 2. Select the **Qualified funeral trust** oval 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.

Massachusetts Schedule FCI, Foreign Corporation Income
Certain eligible businesses and individuals are required to complete and file Massachusetts Schedule FCI, Foreign Corporation Income, with their tax return to report their pro rata share of foreign corporation income that must be reported federally under the TCJA.

Business taxpayer reporting is required on an entity-level basis. C corporations and Pass-Through Entities (S corporations, partnerships or trusts) (PTEs) are required to complete Schedule FCI at the entity level only. Individual pass-through members of a PTE (i.e., individual S corporation shareholders, partners, or trust beneficiaries who are eligible pass-through income recipients are not required to complete and submit a Schedule FCI with their tax returns.

Note: A pass-through member of a PTE that is a business entity (non-individual) with a Massachusetts tax return filing requirement must also complete and submit Schedule FCI with its tax return if it is an eligible taxpayer or U.S. shareholder. Detailed instructions for completing Schedule FCI are available on DOR's website. See Schedule FCI and Instructions.

Fill in the oval and enclose Schedule FCI (Foreign Corporation Income) if the taxpayer is required to complete and file Schedule FCI with Form 2.

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.

Amended Return Due to IRS BBA Partnership Audit

The **Amended return due to IRS BBA Partnership Audit** oval is only to be used if you are an upper-tier member of a partnership that was impacted by an IRS adjustment to a lower-tier partnership resulting from a federal centralized BBA audit.

If you are a fiduciary that was directly impacted by an IRS adjustment from a federal centralized BBA audit do not file an amended Form 2 return to report such IRS adjustments. Instead, a fiduciary directly impacted by such IRS adjustment must file a Centralized Federal Partnership Audit Report on MassTaxConnect.

For further details see TIR 22-1, Reporting Rules Related to Centralized Federal Partnership Audits.

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 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.

Schedule DRE. Disclosure of Disregarded Entity

A fiduciary that is doing business in Massachusetts (including through the means of activities conducted by a disregarded entity that such fiduciary owns) and that is also the owner of a disregarded entity for any portion of the taxable year for which a return is being filed must identify each disregarded entity by filing Schedule DRE with its return. A separate Schedule DRE is required for each such disregarded entity. See Schedule DRE instructions for additional information.

Reporting on Form 63D-ELT (Entity Level Tax)

For purposes of reporting PTE Excise on Form 63D-ELT, a trust will still include in its PTE Excise tax base the share of income attributable to an entity that is disregarded for tax purposes (if such disregarded entity is owned by an individual or trust). A trust as Eligible PTE must disclose the identity of the legal or beneficial owner of any disregarded entity in its entity-level tax return (Form 2) so the applicable share of income is included in the PTE Excise. For Form 2 purposes, the Eligible PTE filer must indicate on its Form 2 the legal or beneficial owner of each disregarded entity so that it can include it in calculating the PTE Excise on Form 63D-ELT.

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.

Annual Voluntary Election to Pay PTE Excise

Fill in the oval if you are making the annual voluntary election to pay tax at the entity level pursuant to MGL ch 63D. MA Form 63D-ELT must be filed by the Eligible PTE if it has made the annual voluntary election to pay PTE Excise on its Form 2 return. Once the election is made for a tax year it is irrevocable for that year and is binding on all qualified members. See Form 63D-ELT instructions for further information relating to the PTE Excise.

Note: Do not complete if you were the recipient of an ELT credit, only if the election was made, filed and paid by you.

Total Amount Paid

Enter amount from Form 63D-ELT, page 2 line 2, Calculation of 5.0% Enitity-Level Tax.

Note: Do not include any amount of ELT you received from a lower tier entity.

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. Schedule C is 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 5.0% Income

Other 5.0% 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.

2021 Changes for Line 8

For tax years beginning on or after January 1, 2021, the Massachusetts deduction for employment-related expenses for the care of a qualified child under the age of 13, a disabled dependent or a disabled spouse, and the deduction for household dependents under age 12, or dependent age 65 or over (not the decedent’s spouse), or disabled dependent were repealed and replaced with credits. To the extent the decedent would qualify for such a credit, it may be claimed on line 56.

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 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.
- 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 5.0% 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 5.0% 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 5.0% 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 5.0% Common Trust Fund Interest & Dividend Income

Enter the amount of Part A 5.0% interest and dividend income received from common trust funds, including any unrelated business taxable Part A 5.0% 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 5.0% 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 5.0% 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 0.05 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 5.0% Capital Gains

Line 31. Part C 5.0% 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 5.0% Long-Term Common Trust Fund Capital Gains
Enter the amount of Part C 5.0% long-term capital gains received from common trust funds including any unrelated business taxable Part C 5.0% 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 5.0% 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 5.0% 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. For more information on what taxes are allowed see the Form 1, line 30 instructions.

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 5.0% 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 5.0% income, Part A interest (other than interest from Massachusetts banks) and dividend income, Part A 12% capital gain income, or Part C 5.0% 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 5.0% capital gain income, substitute such income for Part B 5.0% 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 0.05 and Form 2, line 30 or line 38 for Part B 5.0% tax on line 4 of the worksheet.

Taxes Due to Other Jurisdictions

1. *Total Part B 5.0% income subject to tax in another jurisdiction . . . .* ______

2. *Total gross Part B 5.0% income (from Form 2, line 7)* ______

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

4. *Massachusetts tax on Part B 5.0% income (Form 2, line 13 from tax table). If line 13 is more than $24,000, multiply by 0.05 . . . .* ______

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 that you will be reporting on line 55 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.

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. Overpayment From Original Return (amended return only)

Include on line 48 the amount reported on line 57 of your original return.

Line 50. 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 50 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 51. 2020 Overpayment Applied to Your 2021 Estimated Tax

Include the exact amount of any 2020 overpayment you applied to your 2021 estimated taxes from your 2020 Massachusetts Form 2, line 58. Do not include any 2020 refund in this line.

Line 52. 2021 Massachusetts Estimated Tax Payments

Enter the total amount of Massachusetts Form 2-ES, estimated tax payments made for 2021 on line 52. Do not include on line 52 estimated tax payments made on Form 1-ES or Form 2-ES on behalf of beneficiaries or the amount in line 51. See DD 07-4.

Line 53. Payments Made with Extension

If you filed Massachusetts Form M-8736, Application for Fiduciary Return Extension for 2021 on or before April 19, 2022, enter in line 53 the amount you paid with Massachusetts Form M-8736.

Line 54. Payment with Original Return

Use this line only if you are amending the original return. Enter in line 54 the amount of tax you paid with the original return from line 60, “Tax Due.” If estimated tax payments were made on the original return, they should be reflected on line 52, 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 55. 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. Do not include refundable credits that have been passed to a beneficiary on line 45. Be sure to enclose Schedule CMS with your return. Failure to do so will delay the processing of your return.

Line 56. Refundable Dependent Credit

One of the following credits may be allowed if attributable to a decedent or ward to the extent not claimed by the decedent on Form 1 or 1-NR/PY (enclose a copy of Form 1 or 1-NR/PY). You may not claim this credit if it is passed to a beneficiary on line 45. Additionally, the credits may be allowed a guardian or conservator on behalf of a ward.

◗ 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 or ward could work or look for work, may be claimed as a credit up to a maximum of $240 if there is one qualifying individual or $480 if there are two or more qualifying individuals.

◗ A credit of $180 for one or $360 for two or more dependent members of the decedent or ward’s household under age 12, or dependent age 65 or over (not the decedent/ward or their spouse) as of December 31, 2021, or disabled dependent. For a decedent the individual must be a dependent at the close of the taxable year in which the decedent’s death falls. This credit may only be claimed if the employment-related expense credit discussed above is not claimed.

Part-year residents may only claim a portion of these credits and full year nonresidents are not eligible for either of these credits.

Line 59. Amount of Overpayment to be Applied to 2022 Massachusetts Estimated Taxes

Enter the amount of the 2021 overpayment from line 58 that you want applied to your 2022 Massachusetts estimated taxes.

Line 60. Amount of Refund

Subtract line 59 from line 58, and enter the result in line 60. This is the amount of your refund.

Line 61. Tax Due

If line 49 is larger than line 57, subtract line 57 from line 49, and enter the result on line 61. 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 2021 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 61, 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 DD 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 19, 2022. 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 5.0%;
- 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 12a. 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 12b. Non-resident Trusts Only
Enter non-Massachusetts source short-term gains included in line 12a.

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 12c 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 2020 Massachusetts Form 2, Schedule B, line 41.

Line 21a. Subtotal
Combine lines 17 through 20.

Line 21b. Non-resident Trusts Only
Enter non-Massachusetts source short-term losses included in line 21a.

Line 21c. Subtotal
Subtract line 21b from 21a. 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 21c (as a positive amount), but not more than $2,000.

Line 23. Subtotal
Combine lines 21c 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 2022
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 21c. 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 5.0%
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 2022
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 2021 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 5.0%. 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 2020 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 2021 gain from pre-1996 installment sale. Any entry on line 9 must be clearly explained in an enclosed statement.

Line 10. Massachusetts 2021 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 2021 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 5.0% trade or business deductions to offset other income. However, Massachusetts law allows such offsets if the following requirements are met: the excess 5.0% 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 that is part of an EACC certified project. See, TIR 18-13. 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 19, 2022. 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 5.0% income or Part C 5.0% 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 5.0% 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 5.0% Income

Enter here the amount from Form 2, line 7. This is your total Part B 5.0% 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 5.0% 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 5.0% 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 5.0% 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 2021 taxable year, treated federally as having been distributed in 2021, is not includible on Schedule IDD. Rather, it is to be treated for Massachusetts purposes in the 2021 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 2021 taxable year will be treated in the year of distribution, i.e., 2022, as a tax free distribution and will not be includible on the 2022 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

Schedule 2K-1 Revision

Schedule 2K-1 has been revised and simplified to make it easier to comply with and to bring the Schedule more in line with the other Schedules K-1s DOR issues. Income, deduction, and credit columns have been reduced from four to one, similar to the other mentioned Schedules K-1. Resident beneficiaries will now report what used to be reported in column C and nonresident beneficiaries will report what was reported in column D. In addition, Form 2 line item references have been added.

Beneficiary's Massachusetts Information

Use Schedule 2K-1 to report a beneficiary's share of in- come, deductions, and credits from a decedent's estate or a trust required under the Massachusetts General Laws to be reported by the beneficiary on a return of income. Such items are to be reported on the beneficiary's return of income in the same manner as the estate or trust reported the items on its return. 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 as reported on the Schedule 2K-1 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 subject to tax in Massachusetts 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 nonresident beneficiary's share of income received is from sources within and outside Massachusetts so as to properly allocate and report only the Massachusetts source income, loss, deductions, and credits on the applicable lines on Schedule 2K-1.

Type of Beneficiary

The type of beneficiary should be indicated on each separate Schedule 2K-1. If the type of beneficiary is disregarded for income tax purposes, **report the type of the legal or beneficial owner.** Complete all distributive share items based on the type of the legal or beneficial owner on Schedule 2K-1.

Exempt Organizations (Ch 62 or Ch 63)

The **Ch 62 exempt organization** oval should be filled in if the beneficiary is exempt from federal income tax under IRC § 501 and is treated as a ch 62 taxpayer in Massachusetts. The **Ch 63 exempt organization** oval should be filled in if the beneficiary is exempt from federal income tax under IRC § 501 and is treated as a ch 63 taxpayer in Massachusetts.

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. Please see the COVID-19 page at mass.gov/info-details/important-covid-19-response-update-from-dor for more information about special rules related to Massachusetts source income for tax year 2021.

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.

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.

Lines 1 through 13
The items on these lines are to be reported by the beneficiary on the appropriate lines on the beneficiary's return of income and any required schedules as discussed in the instructions to the return.

Lines 14 through 34
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 34. 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 35. 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 35. 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 DD 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 35. 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 DD 07-4.

Lines 36 to 39
The refundable credits reported on Form 2 may be passed through to a beneficiary on lines 36-39 of Schedule 2K-1 only if not claimed at the estate or trust level on line 55 of Form 2. These alternatives are mutually exclusive. If the credit is passed through to a beneficiary on lines 36-39, be sure to enter the certificate numbers and/or enclose the appropriate schedules. Failure to do so will result in the credit being disallowed on the beneficiary's tax return and an adjustment of the beneficiary's reported tax. See Schedule CMS instructions for more information on DOR credits.

Line 40. Refundable Dependent Credit
For tax years beginning on or after January 1, 2021, the Massachusetts deduction for employment-related expenses for the care of a qualified child under the age of 13, a disabled dependent or a disabled spouse, and the deduction for household dependents under age 12, or dependent age 65 or over (not the decedent's spouse), or disabled dependent were repealed and replaced with refundable credits. One of these credits may be passed to a beneficiary if attributable to a decedent or ward. The amount of this credit passed to a beneficiary is reflected on line 40. **Note:** The maximum amount of credit a beneficiary can claim may be further limited on Form 1 or Form 1-NR/PY.

Line 41. 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 50 of Form 2. For more information, see the instructions for Form 2, line 50. Also include any ch 63D credit the trust received as an eligible member of a lower-tier entity and has chosen to pass on to its beneficiaries.

Line 42. Beneficiary's Share of Chapter 63D Refundable Credit (PTE Excise Credit)
A trust making the annual voluntary election in its Form 2 return to pay entity-level taxes under MGL ch 63D must determine and report the separate amount of PTE Excise Credit available to each beneficiary that is a resident or nonresident beneficiary having qualified taxable income subject to the MGL ch 63D entity-level tax (a qualified member).

How is the Beneficiary's PTE Excise tax calculated?
When an Eligible PTE makes a ch 63D election, the total ch 63D Qualified Taxable Income and ch 63D tax due is calculated and reported by the electing Eligible PTE on Form 63D-ELT. See Form 63D-ELT instructions for further information relating to eligibility for and reporting of the PTE Excise.

How is each Beneficiary's PTE Excise Credit calculated?
The PTE Excise Credit is separately calculated and reported on the MA Schedule 2K-1 of each eligible qualified member. An eligible qualified member is:

- An individual resident;
- An individual non-resident;
- A resident trust or estate;
- A non-resident trust or estate; or
- A ch 62 exempt organization with unrelated taxable business income.

Note: If the beneficiary of a trust is a disregarded entity, enter the legal or beneficial owner of the disregarded entity on Schedule 2K-1.

If trust beneficiary is a pass-through entity. If the beneficiary for whom the Schedule 2K-1 has been reported is a trust, fill in this oval if the trust beneficiary is a pass-through entity.

Total Qualified Income Subject to 5.0% Entity-level Tax
Separate tax calculation for each beneficiary that is a qualified member (Schedule 2K-1, lines 42a through 42d).

The ch 63D tax with respect to the income of each beneficiary that is a qualified member is calculated on Schedule 2K-1, lines 42a through 42d. Enter this information in the following manner:

Line 42a: Total of ordinary income or loss, interest, and dividend income: is the sum of the following lines on Schedule 2K1: (Schedule 2K-1 lines 1 through 9). Do not enter less than 0. Guaranteed payments are included in the tax base.

Line 42b: Net gain or loss from the sale of capital assets is the sum of the amounts on Schedule 2K-1, lines 10 through 13). Do not enter less than zero.

Line 42c: Total Beneficiary's income subject to 5% entity-level tax is the sum of 42a and 42b.

Line 42d: Beneficiary's Share of tax due under ch 63D is 5% of the amount on line 42c.

Note: The ch 63D tax liability for a trust that is an electing Eligible PTE is the total sum of the separately calculated amounts reported on line 42d of each qualified member's Schedule 2K-1.

Beneficiary's 90% PTE Excise Credit amount (Schedule 2K-1, line 42e)
The beneficiary's 90% refundable PTE Excise Credit is reported on Schedule 2K-1 line 42e:

Line 42e: Beneficiary's refundable credit is 90% of the amount reported on line 42d.

Note: Amounts reported on lines 42a through 42e should be 0 if the beneficiary is not a qualified member.

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	○	12/31/2021		$6,000	$1,500	
LEAD PAINT	○	12/31/2021		$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, 2021 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).

Schedule CMS
Credit Manager Schedule

Be sure to enclose with Form 2.

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 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 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 the Department of Revenue) 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 the Department of Revenue. 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 or passed through.

Section 1. Non-Refundable Credits

Section 1 is for reporting credits the taxpayer is using (i) to offset or reduce the taxpayer's total tax due (ii) to pass to any partner, shareholder or beneficiary of the taxpayer or (iii) to share with taxpayer affiliates. 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

Section 2 is for reporting refundable credits the taxpayer is using to request a refund. 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

Section 3 is for reporting credits the taxpayer received on a Massachusetts K-1 schedule (SK-1, 2K-1 or 3K-1) that the taxpayer is using (i) to offset or reduce the taxpayer's total tax due (ii) to pass to any partner, shareholder or beneficiary of the taxpayer or (iii) to share with taxpayer affiliates. The Brownfields Credit, Film Incentive Credit, or Medical Device Credit should never be included in Section 3.

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 the Department of Revenue 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.

Note: Any ELT credit being passed through must be reported in Section 3. The amount of the credit claimed by the Trust is entered in column g and the amount passed through in column h.

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

Section 4 is for reporting credits the taxpayer received on a Massachusetts K-1 schedule (SK-1, 2K-1 or 3K-1) and that the taxpayer is using to request a refund. 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 the Department of Revenue 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.

Note: The amount of ELT credit not passed through but claimed at the Trust level is reported in Section 4.

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*
Apprenticeship Tax Credit	*APPCRD**
Brownfields	*BRWFLD*
Certified Housing	*CRTHOU*
Community Investment	*CMMINV**
Conservation Land	*CNSLND**
Cranberry Bog Renovation	*CRBCRD**
Dairy Farm	*DAIFRM**
EDIP	*EDIPCR**
EDIP-Vacant Storefront Credit	*VACSTR**
Employer Wellness	*EMPWLL*
EOAC	*EOACCR*
Farming & Fisheries	*FRMFSH*
Film Incentive	*FLMCRD**
Historic Rehabilitation	*HISRHB*
Lead Paint.	*LEDPNT*
Life Science (FDA)	*LFSFDA**
Life Science (ITC)	*LFSITC**
Life Science (Jobs)	*LFSJOB**
Low-Income Housing	*LOWINC*
Low-Income Housing Donation	*LIHDON*
Medical Device	*MEDDVC*
Pass-Through Entity Excise Tax	*ELTCRD**
Septic	*SEPTIC*
Solar & Wind Energy	*SLRWND*
Veteran's Hire	*VETHIR*

*These credits are potentially refundable.

Brief Summary of Available Credits on Schedule CMS

The following are brief summaries describing the specific credits that may be available to a taxpayer subject to tax under MGL ch 62 and that must be claimed on a 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 make qualifying investments of 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 3 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 3 year period, the taxpayer investor must repay the total amount of AIC claimed. The AIC is neither transferrable nor refundable. The Massachusetts Life Sciences Center is responsible for determining eligibility for the AIC and the actual amount awarded to a taxpayer. For further information, see the Department of Revenue's "Angel Investor Tax Credit" regulation; 830 CMR 62.6.5 and TIR 16-15.

To claim the AIC, enter the amount of the AIC using credit code AGL-CRD on the Schedule CMS.

Apprenticeship Tax Credit

Businesses subject to tax under MGL ch 62 that employ qualified apprentices may be eligible for an Apprenticeship Tax Credit (ATC). The credit is equal to the lesser of $4,800 or 50% of the wages paid by the business to each qualified apprentice it hires. Businesses are eligible for up to $100,000 in credits each calendar year. To claim the credit, the primary place of employment of the apprentice must be in Massachusetts, the business employing the apprentice must register with the Division of Apprentice Standards as an apprenticeship program sponsor and enter into apprenticeship agreements with each apprentice for whom the credit is claimed, and the apprentice must be employed for at least 180 calendar days in the taxable year in which the credit is claimed. A business claiming the credit in a taxable year may also be eligible for a credit in the subsequent taxable year, provided that the Division of Apprentice Standards again certifies that the apprentice remains employed as an apprentice during the subsequent taxable year.

The ATC is not transferrable but is refundable. The ATC is available for tax years beginning on or after January 1, 2019. See TIR 18-13 for further information.

To claim the ATC, enter the ATC certificate number and the amount of the ATC using credit code APPCRD 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 5 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 the Department of Revenue. If approved, the Department of Revenue 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. The Department of Housing and Community Development (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, the Department of Revenue'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 the Department of Revenue'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.

Cranberry Bog Renovation Tax Credit

Taxpayers subject to tax under MGL ch 62 that are primarily engaged in cranberry production may be eligible for a Cranberry Bog Renovation Tax Credit (CBRTC). The CBRTC is equal to 25% of the taxpayer's total qualified renovation expenditures directly incurred in the taxable year for the qualified renovation of a cranberry bog for the cultivation, harvesting or production of cranberries, but the amount of the credit may not exceed $100,000. Expenditures incurred in the construction of facilities or structures for the processing of cranberries are ineligible for the CBRTC. To claim the CBRTC, a taxpayer must file a summary of its qualified renovation expenditures with respect to a qualified renovation with the Executive Office of Energy and Environmental Affairs, which determines the amount of the credit for which the taxpayer is eligible. The CBRTC is refundable, but is not transferrable. However, in lieu of claiming the CBRTC as a refundable tax credit, the taxpayer may carryover unused CBRTC for the next 5 years.

To claim the CBRTC, enter the CBRTC certificate number and the amount of the CBRTC using credit code CRBCRD 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, 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 the Department of Revenue, 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.

EDIP Credit for Vacant Storefronts

Effective January 1, 2019, awards of EDIPC are also available as a Vacant Storefront Credit (VSC) to taxpayers subject to tax under MGL ch 62 that occupy vacant storefronts in downtown areas that have been designated as Certified Vacant Storefront Districts. To claim the VSC a taxpayer must apply for and obtain certification from the EACC and must commit to occupy the vacant storefront for not less than 1 year. The taxpayer does not need to invest in improvements or create new jobs to claim the VSC. The EACC awards the VSC on a competitive basis, taking into account the factors set forth in MGL ch 23A § 3C. The amount of VSC available to taxpayers occupying vacant storefronts is limited to $500,000 in a calendar year.

The VSC is not transferrable but is refundable. For additional information about the credit, contact the Massachusetts Office of Business Development at 617-973-8600.

To claim the VSC, enter the amount of the VSC using credit code VACSTR on Schedule CMS. Also, enter the EACC-issued certificate number on Schedule CMS.

Employer Wellness Credit

Note: The Employer Wellness Credit (EWC) program expired on December 31, 2017 and no new EWC amounts are being awarded. However, remaining credits awarded for the 2015 through 2017 tax years and carried over by a taxpayer may be applied in the 2021 tax year.

Effective for tax years beginning on or after January 1, 2013, a Massachusetts business that employed 200 or fewer workers was eligible for the EWC for up to 25% of its costs associated with implementing a "certified wellness program" for its employees. Prior to the EWC program's expiration on December 31, 2017, a taxpayer could claim the EWC by applying to the Department of Public Health (DPH) to certify its wellness program. The amount of the credit available to be claimed could not exceed $10,000 in any tax year and the credit was not refundable. A taxpayer may carry forward any unused portion of the EWC for up to 5 taxable years. Since the EWC program expired on December 31, 2017, a taxpayer may only claim a previously awarded EWC that was carried over to subsequent tax years. Information about the criteria DPH utilized for authorizing and certifying the EWC may be found in DPH's "Massachusetts Wellness Tax Credit Incentive" regulation, 105 CMR 216.000.

To claim the EWC, enter the amount of EWC using credit code EMPWLL on Schedule CMS. Also, enter the DPH issued certificate number on Schedule CMS.

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 3 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 the 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 available to the Department of Revenue 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 5 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 5 years of its placement into service. HRTC awards however are not subject to recapture. For further information, see the Department of Revenue'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 Transfer/Sale HRC: Historic Rehabilitation Credit Certificate form and 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 the Department of Revenue'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, line(s) 1a and 3a. Include both the completed Schedule LP and Schedule CMS with the return.

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 US 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 zero. 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.

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 does not opt to make the LSRITC refundable, the the LSRITC may be carried forward for up to 10 years. 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 EDIPC 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 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 the Department of Revenue. 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.

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). The Department of Housing and Community Development (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 $40,000,000. 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 5 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 Transfer LIHC: Low-Income Housing Credit Statement form and 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 the same manner as 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 5 years. The Department of Housing and Community Development (DHCD) determines eligibility and ultimately allocates the LIHDTC a taxpayer may claim based on a total pool of $40,000,000 shared with the LIHTC. Only one-fifth 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 Transfer LIHC: Low-Income Housing Credit Statement form and 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.

Septic System Tax Credit

Individual taxpayers subject to tax under MGL ch 62 who own and occupy residential property located in Massachusetts as their principal residence may be eligible for a Septic System Tax Credit (SSTC). Taxpayers may claim the SSTC in an amount up to $1,500 per taxable year for expenses incurred to comply with the sewer system requirements of Title V as promulgated by the Department of Environmental Protection or to connect to a municipal sewer system pursuant to a federal court order, administrative consent order, state court order, consent decree or similar mandate. The amount of the SSTC is 40% of the cost, up to $15,000, for design and construction expenses for repair or replacement of a failed cesspool or septic system. The maximum aggregate amount of the SSTC is $6,000. Any unused portion of the SSTC may be carried forward for 5 years. Betterment assessments do not qualify for this SSTC. See Department of Revenue Directive 01-6 and TIRs 99-20, 99-5, 98-8, and 97-12 for further information.

To claim the SSTC, complete Schedule SC, Septic Credit, and enter the amount of the SSTC using credit code SEPTIC on the Schedule CMS. Include both the completed Schedule SC and Schedule CMS with the return.

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. 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 3 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.

2021 Massachusetts Income Tax Table at the **5.0% Rate**

Use this table to calculate tax for taxable 5.0% income (line 21) of not more than $24,000.

Line 22 instructions: To find your **tax on 5.0% 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 5.0% income in line 21 is greater than $24,000, multiply the amount by .05. Enter the result in line 22.

If your 5.0% income for the tax table is less than $10, your tax is 0. **Note:** If choosing the optional 5.85% tax rate, multiply line 21 and the amount in Schedule D, line 21 by .0585.

INCOME			INCOME			INCOME			INCOME			INCOME			INCOME		
More than	But not more than	TAX	More than	But not more than	TAX	More than	But not more than	TAX	More than	But not more than	TAX	More than	But not more than	TAX	More than	But not more than	TAX
$ 9	$ 50	$ 1	$4,000	$4,050	$201	$8,000	$8,050	$401	$12,000	$12,050	$601	$16,000	$16,050	$801	$20,000	$20,050	$1,001
50	100	4	4,050	4,100	204	8,050	8,100	404	12,050	12,100	604	16,050	16,100	804	20,050	20,100	1,004
100	150	6	4,100	4,150	206	8,100	8,150	406	12,100	12,150	606	16,100	16,150	806	20,100	20,150	1,006
150	200	9	4,150	4,200	209	8,150	8,200	409	12,150	12,200	609	16,150	16,200	809	20,150	20,200	1,009
200	250	11	4,200	4,250	211	8,200	8,250	411	12,200	12,250	611	16,200	16,250	811	20,200	20,250	1,011
250	300	14	4,250	4,300	214	8,250	8,300	414	12,250	12,300	614	16,250	16,300	814	20,250	20,300	1,014
300	350	16	4,300	4,350	216	8,300	8,350	416	12,300	12,350	616	16,300	16,350	816	20,300	20,350	1,016
350	400	19	4,350	4,400	219	8,350	8,400	419	12,350	12,400	619	16,350	16,400	819	20,350	20,400	1,019
400	450	21	4,400	4,450	221	8,400	8,450	421	12,400	12,450	621	16,400	16,450	821	20,400	20,450	1,021
450	500	24	4,450	4,500	224	8,450	8,500	424	12,450	12,500	624	16,450	16,500	824	20,450	20,500	1,024
500	550	26	4,500	4,550	226	8,500	8,550	426	12,500	12,550	626	16,500	16,550	826	20,500	20,550	1,026
550	600	29	4,550	4,600	229	8,550	8,600	429	12,550	12,600	629	16,550	16,600	829	20,550	20,600	1,029
600	650	31	4,600	4,650	231	8,600	8,650	431	12,600	12,650	631	16,600	16,650	831	20,600	20,650	1,031
650	700	34	4,650	4,700	234	8,650	8,700	434	12,650	12,700	634	16,650	16,700	834	20,650	20,700	1,034
700	750	36	4,700	4,750	236	8,700	8,750	436	12,700	12,750	636	16,700	16,750	836	20,700	20,750	1,036
750	800	39	4,750	4,800	239	8,750	8,800	439	12,750	12,800	639	16,750	16,800	839	20,750	20,800	1,039
800	850	41	4,800	4,850	241	8,800	8,850	441	12,800	12,850	641	16,800	16,850	841	20,800	20,850	1,041
850	900	44	4,850	4,900	244	8,850	8,900	444	12,850	12,900	644	16,850	16,900	844	20,850	20,900	1,044
900	950	46	4,900	4,950	246	8,900	8,950	446	12,900	12,950	646	16,900	16,950	846	20,900	20,950	1,046
950	1,000	49	4,950	5,000	249	8,950	9,000	449	12,950	13,000	649	16,950	17,000	849	20,950	21,000	1,049
1,000	1,050	51	5,000	5,050	251	9,000	9,050	451	13,000	13,050	651	17,000	17,050	851	21,000	21,050	1,051
1,050	1,100	54	5,050	5,100	254	9,050	9,100	454	13,050	13,100	654	17,050	17,100	854	21,050	21,100	1,054
1,100	1,150	56	5,100	5,150	256	9,100	9,150	456	13,100	13,150	656	17,100	17,150	856	21,100	21,150	1,056
1,150	1,200	59	5,150	5,200	259	9,150	9,200	459	13,150	13,200	659	17,150	17,200	859	21,150	21,200	1,059
1,200	1,250	61	5,200	5,250	261	9,200	9,250	461	13,200	13,250	661	17,200	17,250	861	21,200	21,250	1,061
1,250	1,300	64	5,250	5,300	264	9,250	9,300	464	13,250	13,300	664	17,250	17,300	864	21,250	21,300	1,064
1,300	1,350	66	5,300	5,350	266	9,300	9,350	466	13,300	13,350	666	17,300	17,350	866	21,300	21,350	1,066
1,350	1,400	69	5,350	5,400	269	9,350	9,400	469	13,350	13,400	669	17,350	17,400	869	21,350	21,400	1,069
1,400	1,450	71	5,400	5,450	271	9,400	9,450	471	13,400	13,450	671	17,400	17,450	871	21,400	21,450	1,071
1,450	1,500	74	5,450	5,500	274	9,450	9,500	474	13,450	13,500	674	17,450	17,500	874	21,450	21,500	1,074
1,500	1,550	76	5,500	5,550	276	9,500	9,550	476	13,500	13,550	676	17,500	17,550	876	21,500	21,550	1,076
1,550	1,600	79	5,550	5,600	279	9,550	9,600	479	13,550	13,600	679	17,550	17,600	879	21,550	21,600	1,079
1,600	1,650	81	5,600	5,650	281	9,600	9,650	481	13,600	13,650	681	17,600	17,650	881	21,600	21,650	1,081
1,650	1,700	84	5,650	5,700	284	9,650	9,700	484	13,650	13,700	684	17,650	17,700	884	21,650	21,700	1,084
1,700	1,750	86	5,700	5,750	286	9,700	9,750	486	13,700	13,750	686	17,700	17,750	886	21,700	21,750	1,086
1,750	1,800	89	5,750	5,800	289	9,750	9,800	489	13,750	13,800	689	17,750	17,800	889	21,750	21,800	1,089
1,800	1,850	91	5,800	5,850	291	9,800	9,850	491	13,800	13,850	691	17,800	17,850	891	21,800	21,850	1,091
1,850	1,900	94	5,850	5,900	294	9,850	9,900	494	13,850	13,900	694	17,850	17,900	894	21,850	21,900	1,094
1,900	1,950	96	5,900	5,950	296	9,900	9,950	496	13,900	13,950	696	17,900	17,950	896	21,900	21,950	1,096
1,950	2,000	99	5,950	6,000	299	9,950	10,000	499	13,950	14,000	699	17,950	18,000	899	21,950	22,000	1,099
2,000	2,050	101	6,000	6,050	301	10,000	10,050	501	14,000	14,050	701	18,000	18,050	901	22,000	22,050	1,101
2,050	2,100	104	6,050	6,100	304	10,050	10,100	504	14,050	14,100	704	18,050	18,100	904	22,050	22,100	1,104
2,100	2,150	106	6,100	6,150	306	10,100	10,150	506	14,100	14,150	706	18,100	18,150	906	22,100	22,150	1,106
2,150	2,200	109	6,150	6,200	309	10,150	10,200	509	14,150	14,200	709	18,150	18,200	909	22,150	22,200	1,109
2,200	2,250	111	6,200	6,250	311	10,200	10,250	511	14,200	14,250	711	18,200	18,250	911	22,200	22,250	1,111
2,250	2,300	114	6,250	6,300	314	10,250	10,300	514	14,250	14,300	714	18,250	18,300	914	22,250	22,300	1,114
2,300	2,350	116	6,300	6,350	316	10,300	10,350	516	14,300	14,350	716	18,300	18,350	916	22,300	22,350	1,116
2,350	2,400	119	6,350	6,400	319	10,350	10,400	519	14,350	14,400	719	18,350	18,400	919	22,350	22,400	1,119
2,400	2,450	121	6,400	6,450	321	10,400	10,450	521	14,400	14,450	721	18,400	18,450	921	22,400	22,450	1,121
2,450	2,500	124	6,450	6,500	324	10,450	10,500	524	14,450	14,500	724	18,450	18,500	924	22,450	22,500	1,124
2,500	2,550	126	6,500	6,550	326	10,500	10,550	526	14,500	14,550	726	18,500	18,550	926	22,500	22,550	1,126
2,550	2,600	129	6,550	6,600	329	10,550	10,600	529	14,550	14,600	729	18,550	18,600	929	22,550	22,600	1,129
2,600	2,650	131	6,600	6,650	331	10,600	10,650	531	14,600	14,650	731	18,600	18,650	931	22,600	22,650	1,131
2,650	2,700	134	6,650	6,700	334	10,650	10,700	534	14,650	14,700	734	18,650	18,700	934	22,650	22,700	1,134
2,700	2,750	136	6,700	6,750	336	10,700	10,750	536	14,700	14,750	736	18,700	18,750	936	22,700	22,750	1,136
2,750	2,800	139	6,750	6,800	339	10,750	10,800	539	14,750	14,800	739	18,750	18,800	939	22,750	22,800	1,139
2,800	2,850	141	6,800	6,850	341	10,800	10,850	541	14,800	14,850	741	18,800	18,850	941	22,800	22,850	1,141
2,850	2,900	144	6,850	6,900	344	10,850	10,900	544	14,850	14,900	744	18,850	18,900	944	22,850	22,900	1,144
2,900	2,950	146	6,900	6,950	346	10,900	10,950	546	14,900	14,950	746	18,900	18,950	946	22,900	22,950	1,146
2,950	3,000	149	6,950	7,000	349	10,950	11,000	549	14,950	15,000	749	18,950	19,000	949	22,950	23,000	1,149
3,000	3,050	151	7,000	7,050	351	11,000	11,050	551	15,000	15,050	751	19,000	19,050	951	23,000	23,050	1,151
3,050	3,100	154	7,050	7,100	354	11,050	11,100	554	15,050	15,100	754	19,050	19,100	954	23,050	23,100	1,154
3,100	3,150	156	7,100	7,150	356	11,100	11,150	556	15,100	15,150	756	19,100	19,150	956	23,100	23,150	1,156
3,150	3,200	159	7,150	7,200	359	11,150	11,200	559	15,150	15,200	759	19,150	19,200	959	23,150	23,200	1,159
3,200	3,250	161	7,200	7,250	361	11,200	11,250	561	15,200	15,250	761	19,200	19,250	961	23,200	23,250	1,161
3,250	3,300	164	7,250	7,300	364	11,250	11,300	564	15,250	15,300	764	19,250	19,300	964	23,250	23,300	1,164
3,300	3,350	166	7,300	7,350	366	11,300	11,350	566	15,300	15,350	766	19,300	19,350	966	23,300	23,350	1,166
3,350	3,400	169	7,350	7,400	369	11,350	11,400	569	15,350	15,400	769	19,350	19,400	969	23,350	23,400	1,169
3,400	3,450	171	7,400	7,450	371	11,400	11,450	571	15,400	15,450	771	19,400	19,450	971	23,400	23,450	1,171
3,450	3,500	174	7,450	7,500	374	11,450	11,500	574	15,450	15,500	774	19,450	19,500	974	23,450	23,500	1,174
3,500	3,550	176	7,500	7,550	376	11,500	11,550	576	15,500	15,550	776	19,500	19,550	976	23,500	23,550	1,176
3,550	3,600	179	7,550	7,600	379	11,550	11,600	579	15,550	15,600	779	19,550	19,600	979	23,550	23,600	1,179
3,600	3,650	181	7,600	7,650	381	11,600	11,650	581	15,600	15,650	781	19,600	19,650	981	23,600	23,650	1,181
3,650	3,700	184	7,650	7,700	384	11,650	11,700	584	15,650	15,700	784	19,650	19,700	984	23,650	23,700	1,184
3,700	3,750	186	7,700	7,750	386	11,700	11,750	586	15,700	15,750	786	19,700	19,750	986	23,700	23,750	1,186
3,750	3,800	189	7,750	7,800	389	11,750	11,800	589	15,750	15,800	789	19,750	19,800	989	23,750	23,800	1,189
3,800	3,850	191	7,800	7,850	391	11,800	11,850	591	15,800	15,850	791	19,800	19,850	991	23,800	23,850	1,191
3,850	3,900	194	7,850	7,900	394	11,850	11,900	594	15,850	15,900	794	19,850	19,900	994	23,850	23,900	1,194
3,900	3,950	196	7,900	7,950	396	11,900	11,950	596	15,900	15,950	796	19,900	19,950	996	23,900	23,950	1,196
3,950	4,000	199	7,950	8,000	399	11,950	12,000	599	15,950	16,000	799	19,950	20,000	999	23,950	24,000	1,199

Department of Revenue Resources

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.