Major 2023 Tax Law Changes

For more up-to-date and detailed information and to view all of the public written statements referenced in these instructions, visit mass.gov/dor.

Filing Due Dates

Massachusetts General Laws (MGL) ch 62C, §§ 11 and 12 require C corporations to file their tax returns on or before the 15th day of the fourth month following the close of each taxable year. The filing due date for S corporation tax returns is the 15th day of the third month following the close of each taxable year. For more information, see Technical Information Release (TIR) 17-5. For calendar year filers, April 15, 2024, when 2023 returns and payments would normally be due, is Patriots' Day, a legal holiday in the Commonwealth, and April 16, 2024 is Emancipation Day, a legal day in Washington D.C. As a result, returns, payments made with returns, and estimated payments otherwise due on April 15, 2024, will be treated as timely if they are filed and/or paid on or before April 17, 2024.

Wind Power Incentive Jobs Credit

For tax years beginning on or after January 1, 2023, and until tax years ending on or before December 31, 2032, a business subject to tax under MGL ch 63 may, to the extent authorized by the offshore wind tax incentive program established in MGL ch 23J, § 8A(d), be allowed a refundable credit in an amount determined by the Massachusetts Clean Energy Technology Center, in consultation with the Department of Revenue. A business taking this credit must commit to the creation of a minimum of 50 net new permanent full-time employees in Massachusetts. See TIR 23-6 and MGL ch 63, § 38LL for additional information.

Wind Power Incentive Investment Credit

For tax years beginning on or after January 1, 2023, and until tax years ending on or before December 31, 2032, a business subject to tax under MGL ch 63 may, to the extent authorized by the offshore wind tax incentive program established in MGL ch 23J, § 8A(d), be allowed a refundable credit in an amount, as determined by the Massachusetts Clean Energy Technology Center, of up to 50 percent of its total capital investment in an offshore wind facility. See TIR 23-6 and MGL ch 63, § 38MM for additional information.

National Guard Hiring Tax Credit

For tax years beginning on or after January 1, 2023, a business subject to tax under MGL ch 63 that employs not more than 100 employees may be allowed a credit equal to $2,000 for each member of the Massachusetts National Guard hired by the business after July 1, 2022. The credit cannot reduce a business's corporate excise liability below the minimum corporate excise amount. See TIR 23-6 and MGL ch 63, § 38KK for additional information.

Disability Hire Tax Credit

For tax years beginning on or after January 1, 2023, businesses subject to tax under MGL ch 63 that hire employees with a disability who live and work in Massachusetts may be eligible for a credit. 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. The credit cannot reduce a business's corporate excise liability below the minimum corporate excise amount. For additional information, see 830 CMR 63.38JJ.1: Disability Employment Tax Credit.

Extension of Brownfields Tax Credit

The brownfields tax credit, previously scheduled to expire on August 5, 2023, has been extended for five additional years. To qualify for a brownfields tax credit, a taxpayer must commence the environmental response action on or before August 5, 2028, and incur net response and removal costs before January 1, 2029. See TIR 23-12 for more information.

Federal Conformity

Massachusetts generally conforms to the IRC as currently in effect for Massachusetts corporate and financial institution excise purposes. For more up-to-date and detailed information on tax changes and federal conformity, visit DOR's website at www.mass.gov/dor.

General Instructions

Who Must File an Unrelated Business Income Tax Return?

Exempt corporations that have gross income from an unrelated trade or business and are required to file IRS Form 990-T, Exempt Organization Business Income Tax Return, are required to file Massachusetts Form M-990T if they have $1,000 or more of federal gross income from an unrelated trade or business.

Exempt trusts and unincorporated associations with gross income from an unrelated trade or business that are subject to taxation under MGL ch 62 should file Massachusetts Form M-990T-62. However, pursuant to MGL ch 62, § 5(b), any stock bonus, pension, or profit-sharing trust qualifying under IRS § 401 or any individual retirement account qualifying under IRS § 408 is not subject to tax under MGL ch 62.

For additional information, see 830 CMR 63.38T.1, Taxation of Unrelated Business Income of Exempt Organizations and TIR 06-7.

What Is Nexus for Massachusetts Corporate Tax Purposes?

A corporation that owns or uses any part of its capital or other property, exercises or continues its charter or is qualified to, or is actually doing business in Massachusetts has nexus with the Commonwealth and must pay a corporate excise. Doing business in the state as referenced in MGL ch 63, § 39 includes:

- The maintenance of a place of business;
- The employment of labor;
- The buying, selling or procuring of services or property;
- The execution of contracts;
- The exercise or enforcement of contract rights;
- The consummation of greater than $500,000 in sales (where the corporation has no other state contacts); and
- Each and every act, power, right, privilege, or immunity exercised or enjoyed in the Commonwealth, as an incident to or by virtue of the powers and privileges acquired by the nature of such organizations, as well as, the buying, selling or procuring of services or property.

The federal statute, PL 86-272, exempts from state net income-based taxation an out-of-state corporation whose sole interstate activities

consist of the mere solicitation of orders for sales of tangible personal property filled by shipment or delivery from a point outside Massachusetts after such orders are sent outside the state for approval or rejection. PL 86-272 does not apply to a corporation that sells services or licenses intangible property in Massachusetts. Also, PL 86-272 does not apply where the in-state business activity by or on behalf of a corporation, however conducted, includes activity that is not entirely ancillary to the solicitation of orders of tangible personal property. Activities that take place after a sale will ordinarily not be considered entirely ancillary to the solicitation of such sale. A corporation that has nexus with the Commonwealth and is excluded from income-based taxation by PL 86-272 remains liable for the non-income measure of excise.

The following are activities that ordinarily fall within the scope of "solicitation" under PL 86-272:

- Activities including advertising related to generating retail demand for the products of a manufacturer or distributor by promoting the products to retailers who order the products from a wholesaler or other middleman;
- Carrying samples only for display or for distribution without charge or other consideration;
- Owning or furnishing automobiles to sales representatives, provided that the vehicles are used exclusively for solicitation purposes;
- Passing inquiries and complaints on to the home office;
- Incidental and minor advertising;
- Checking customers' inventories for reorder only;
- Maintaining a sample or display area for an aggregate of 14 calendar days or less during the tax year, provided that no sales or other activities inconsistent with solicitation take place;
- Soliciting of sales by an in-state resident representative who maintains no in-state sales office or place of business; and
- Training or holding periodic meetings of sales representatives.

For further information on corporate nexus, refer to 830 CMR 63.39.1.

When Must Form M-990T Be Filed?

Form M-990T must be filed on or before the 15th day of the fourth month after the close of the corporation's taxable year. A late return incurs a penalty of 1% per month (or fraction thereof), up to a maximum of 25% of the tax due. The penalty for late payment of the tax is 1% per month (or fraction thereof) of the balance due, up to a maximum of 25%.

For most calendar year filers, returns must be filed by April 17, 2024. See **Filing Due Dates** above.

Filing Amended Returns and Applications for Abatement for Business Taxes

DOR's computerized tax system, MassTaxConnect, makes filing returns, submitting payments, and managing taxpayer accounts simpler, quicker, and more efficient than ever before. MassTaxConnect automates the amended return process, and in most cases separate from the abatement application process. For further information, see TIR 15-13.

Electronic Filing and Payment Requirements

Effective for tax periods ending on or after December 31, 2021, electronic filing and payment of tax will be required of all business corporations and financial institutions subject to tax under MGL ch 63, with no income threshold. For further information, see TIR 21-9.

Under TIR 21-9, where a return is required to be filed electronically, any schedules or supporting documents filed with the return must be submitted electronically. In addition, any amendment of that return, or request for abatement with respect to that return, must also be filed electronically.

TIR 16-9 requires that when a corporation exempt from taxation under section 501 of the Internal Revenue Code is reporting unrelated business taxable income it must file Form M-990T electronically when it is either:

- Reporting $100,000 or more of unrelated business taxable income on Form M-990T;

or

- It has met this excise or tax electronic filing threshold or the then-applicable excise or tax electronic filing threshold in a previous year.

For further information, see TIR 16-9.

Can a Corporation Get an Extension of Time to File?

Exempt corporations filing unrelated business income tax returns will be given an automatic eight-month extension if they meet certain payment requirements. For further information, see TIR 15-15.

Note: An extension of time to file is not valid if the corporation fails to pay at least 50% of the total tax liability or the minimum tax of $456, which ever is greater, through estimated payments or with an extension payment.

Any tax not paid on or before the due date — without regard to the extension — shall be subject to an interest charge.

What Is a Valid Return?

A valid return is a return upon which all required amounts have been entered in all appropriate lines on all forms. Data sheets, account forms or other schedules may be enclosed to explain amounts entered on the forms. However, referencing items to enclosures in lieu of properly entering all amounts onto the return is not sufficient.

An exact copy of U.S. Form 990-T (including all applicable schedules and any other documentation required to substantiate entries made on this return) must be submitted along with Form M-990T.

Should the Exempt Corporation Be Making Estimated Tax Payments?

All corporations which reasonably estimate their corporate excise to be in excess of $1,000 for the taxable year are required to make estimated tax payments to the Commonwealth. Estimated taxes may be paid in full on or before the 15th day of the third month of the corporation's taxable year or in four installment payments according to the schedule below.

Note: The due dates for estimated tax payments are not the same as the corporate excise return due dates. An overpayment from the prior year returns applied to the following year's estimated tax will be credited on the 15th day of the fourth month; one month after the due date for the first installment.

- 40% of the estimated tax due for the year is due on the 15th day of the 3rd month of the taxable year.
- 25% of the estimated tax due for the year is due on the 15th day of the 6th month of the taxable year.
- 25% of the estimated tax due for the year is due on the 15th day of the 9th month of the taxable year.
- 10% of the estimated tax due for the year is due on the 15th day of the 12th month of the taxable year.

Corporations must submit their estimated payments electronically. See TIR 21-9 for further information.

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

To avoid a possible underpayment penalty on its taxes, a corporation should, when making its first payment, estimate its tax to be at least equal to the prior year's tax. If the prior year's tax was the minimum tax, the corporation should make a payment or payments equal to the minimum tax to safeguard against a possible underpayment penalty.

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

For more information on corporate estimated taxes, refer to 830 CMR 63B.2.2, and MGL ch 63B.

Are Combined Reports Allowed?

No. Exempt corporations are not allowed to participate in the filing of combined reports in Massachusetts.

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

File the 2023 return for calendar year 2023 and fiscal years that began in 2023 and ended in 2024. For a fiscal year return, fill in the tax year space at the top of page 1. Short year filers should file using the tax form for the calendar year within which the short year falls. If the short year spans more than one calendar year, the filer should file use the tax form for the calendar year in which the short year began. If the current form is not available at the time the short year filer must file, the filer should follow the rules explained in TIR 11-12.

Can the Taxpayer Claim Credits on Form M-990-T?

Yes. However, any credit being claimed must be determined with respect to the unrelated business activity being reported on this return. The taxpayer cannot generate or claim any credits with respect to any exempt activity which has not been reported on this return.

Are There Special Tax Credits Available In Massachusetts?

Yes. Massachusetts offers several special credits to corporations.

However, under MGL ch. 63, § 32C, a corporation's credits may not offset more than 50% of its excise. Any credits not utilized as a result of this provision may be carried over for an unlimited number of years. This provision does not apply to the Research Credit, the Harbor Maintenance Tax Credit, Low-Income Housing Credit, Historic Rehabilitation Credit, the Film Incentive Credit, Medical Device Credit, Veteran's Hire Tax Credit or the Low-Income Housing Donation Credit.

Credits must be entered on the Credit Manager Schedule (CMS).

Credit Manager Schedule

Financial institutions, insurance companies, business corporations, and other taxpayers subject to tax under MGL ch 63 may be eligible for certain tax credits in Massachusetts. 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. MGL ch 63 taxpayers with credits available for use in the current taxable year must file a Schedule CMS to claim most credits.

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

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

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

Overview of Schedule CMS

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

Section 1. Non-Refundable Credits

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: 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 DOR when they are received from a pass-through entity or a credit transfer. These credits should always be reported in Section 1, unless the taxpayer is requesting a refund of the Film Incentive Credit.

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

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

Credit Table

The Credit Table located at the end of these instructions lists all of the Massachusetts credit types with their respective attributes. Credits that may be available to a taxpayer subject to tax under MGL ch 63 must be claimed on Schedule CMS. The taxpayer should refer to this table for guidance when completing Schedule CMS.

To report claimed tax credits, enter the tax credit certificate number (if applicable) and the amount of credit claimed along with the designated credit code on Schedule CMS.

For additional information regarding tax credits that may be available to a taxpayer subject to tax under MGL ch 63 go to the Business Tax Credits web page on DOR's website at mass.gov/dor.

Credit Recapture Schedule

The Credit Recapture Schedule (CRS), which eliminates Schedule RF, lists each credit for which a recapture calculation must be made. Certain Massachusetts tax credits are subject to recapture as specified in the statute authorizing the credit (e.g., the investment tax credit is subject to recapture under MGL ch 63, § 31A(e) if an asset for which the credit was taken is disposed of before the end of its useful life). Recapture may also be triggered if the corporation no longer qualifies for the credit (as when a manufacturing corporation ceases to qualify as such or a corporation's status as a Life Sciences Company is terminated as discussed in TIR 13-6.)

If a recapture calculation is required, the amount of the credit allowed is redetermined and the reduction in the amount of credit allowable is recaptured to the extent the credit was taken or used in a prior year. See DD 89-7. Taxpayers who have a recapture calculation must complete this schedule whether or not a recapture tax is determined to be due.

For credits tracked by certificate numbers, enter each certificate number and the associated credits separately. For credits not tracked by certificate number, enter credits separately by type and the year to which they relate. List only those credits and certificate numbers or tax years for which a reduction in the credit is being calculated.

Line Instructions

If your return is not for the calendar year, enter at the top of the form the dates of your taxable year.

Should the Whole Dollar Method be Used?

Yes. All amounts entered on Form M-990T must be rounded off to the nearest dollar.

Filing an Amended Return

New-Supporting Statement. If you are filing an amended return for any reason you **must** attach a statement to the amended return with an explanation of why you are filing the amended return, including the basis for submitting it.

If you need to change a line item on your return, complete a 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. Electronic filing requirements apply to amended returns and disputes. See TIR 21-9 for further information.

Federal Changes

If this is an amended Massachusetts return and it does not report changes that result from the filing of a federal amended return or from a federal audit (for example, if the amended Massachusetts return is reporting only a change in the apportionment calculation or an additional tax credit), fill in only the **Amended return** oval. If this is an amended return that includes changes you have reported on an amended federal return filed with the IRS for the same tax year, fill in both the **Amended return** oval and the **Amended return due to federal change** oval. If the amended Massachusetts return incorporates changes that are the result of an IRS audit, check both the **Amended return** and **Amended return due to federal audit ovals**; enclose a complete copy of the federal audit report and supporting schedules. If your amended return is being submitted due to an IRS BBA Partnership Audit then fill in the **Amended return due to IRS BBA Partnership Audit** oval.

Schedule DRE. Disclosure of Disregarded Entity

A corporation doing business in Massachusetts (including through the means of activities conducted by a disregarded entity that such corporation 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 such 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.

Schedule FCI. Foreign Corporation Income

Fill in the oval and enclose Schedule FCI (Foreign Corporation Income) if the corporation is required to complete and file Schedule FCI with Form M-990T.

All taxpayers with foreign corporation income (including GILTI income) must complete Schedule FCI. Detailed instructions for completing Schedule FCI are available on DOR's website. See Schedule FCI and Instructions.

Enclosing 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 our 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 may waive or abate the penalty if the inconsistency or failure to disclose was attributable to reasonable cause and not willful neglect.

IRC Section 501 Federal Tax Status

Fill in the applicable IRC Section 501 Federal Tax Status oval. Most exempt corporations (as defined in section 30 of MGL. ch 63 §30) are exempt from taxation under section 501(c)(3) of the Code. However, the taxpayer should fill in the oval and enter the specific code provisions if exempt under another subsection of IRC section 501.

Massachusetts Schedule E (Form M-990T)

Beginning in 2022, a new Massachusetts Schedule E (Form M-990T) must be completed and submitted as part of taxpayer's Form M-990T tax return. To complete Schedule E the taxpayer should enter amounts directly as reported on U.S. Form 990-T, Schedule A and any other line items as reported on U.S. Form 990-T. The total income on Schedule E cannot be less than zero. Losses may be carried forward to future years.

When a taxpayer has multiple unrelated businesses, the taxable income for each unrelated business must be calculated separately and may not be less than zero. Losses from one business of the taxpayer may not be used to offset income from another business of the taxpayer. If one business of the taxpayer generates a loss, the taxpayer may only use that loss in future years to offset income of the business that originally generated it.

Schedule E Part I. Unrelated Trade or Business Income (lines 1 through 13)

Enter unrelated trade or business income amounts directly from U.S Form 990-T, Schedule A, Part I, lines 1 through 13.

Line 4a. Capital gain net income

See instructions to U.S. Form 990-T, Schedule A Line 4a.

Line 4b. Net gain or loss from U.S. Form 4797

See instructions to U.S. Form 990-T, Schedule A, line 4b.

Line 4c. Unused capital loss carryover

Enter the amount of Capital Loss Deduction for Trusts from U.S. Form 990-T, Schedule A, line 4c.

Schedule E, Part II. Deductions Not Taken Elsewhere

Lines 1 through 15.

Enter Deductions Not Taken Elsewhere directly from U.S. Form 990-T, Schedule A, Part II, lines 1 through 15.

Unrelated Business Taxable Income Before Adjustments

Line 16

Subtract Part II, line 15 from Part I, line 13 to compute unrelated business taxable income before adjustments.

Line 17 Deduction for Net Operating Loss (NOL)

Enter Deduction for Net Operating Loss (NOL) amount directly from U.S. Form 990-T, Schedule A, Part II, line 17. This amount should also be entered as a positive amount on Form M-990T, page 1, line 6.

Line 18. Unrelated Business Taxable Income

Subtract line 17 from line 16 and enter here.

Schedule E Part III Other Adjustments

Other adjustments should be entered in Schedule E, Part III:

Line 1

Adjustment relating to research and development expenses should be entered on line 1. The taxpayer must enclose a statement explaining these adjustments.

Line 2

Enter any other adjustments not reported on line 1 here.

Line 3. Total Part III Adjustments

Combine total of lines 1 and 2 and enter here. This amount should also be entered on Form M-990T, line 8.

Schedule E Part IV Other Deductions (Form M-990T, line 13)

Other deductions should be entered in Schedule E, Part IV, lines 1 and 2.

Line 1 Abandoned Building and Renovation Deduction

Multiply the total cost of renovating an abandoned building in an Economic Opportunity Area by .10 and enter the amount on line 1.

Line 2

Enter any other adjustments not reported on line 1 here.

Line 3. Total Part IV Deductions

Combine total of lines 1 and 2 and enter here. This amount should also be entered on Form M-990T, line 9.

Schedule E Part V Adjustments (income not subject to apportionment from M-990T, line 13)

Enter any income that is not subject to apportionment in the spaces provided and compute the total amount of income that is not subject to apportionment. This total amount will be entered on Form M-990T, line 13.

Unrelated Business Income Tax Calculation (Page 1)

Note: An organization with more than one unrelated trade or business should enter the sum of the amounts from all Massachusetts Schedules E which were submitted with its Form M-990T on all relevant line items.

Line 1

Enter the exempt corporation's unrelated business taxable income from Schedule E, Part II, line 18.

Note: an exempt corporation eligible to claim a charitable deduction should subtract the amount reported on U.S. Form 990-T, line 4, from the federal taxable income reported on line 1.

Line 2

Massachusetts does not allow a deduction for state, local and foreign income, franchise, excise or capital stock taxes. Any such taxes which have been deducted from federal net income should be entered in line 2 and added back into income.

Line 3

Enter the amount of any section 168(k) "bonus" depreciation. Massachusetts has decoupled from the adoption of IRC § 168(k). This section provides for a special depreciation allowance for certain property placed in service during the three-year period beginning on September 11, 2001. Under the Massachusetts law, federal bonus depreciation is not allowed. For Massachusetts tax purposes, for taxable years ending after September 10, 2001, depreciation is to be claimed on all assets, regardless of when they are placed in service. Use the method used for federal income tax purposes prior to the enactment of § 168(k). For more information, see TIR 02-11 and TIR 03-25.

Line 4

Massachusetts law requires that a taxpayer add back to net income certain intangible expenses and costs. This add back is mandatory, with certain exceptions based generally upon showing by clear and convincing evidence that a particular add back would be unreasonable. To claim an exception, file Schedule ABIE, Exceptions to the Add Back of Intangible Expenses. For more information, see TIR 03-19.

Line 5

Massachusetts law requires that a taxpayer add back to net income certain interest expenses and costs (including losses incurred in connection with factoring or discounting transactions). This add back is mandatory, with certain exceptions based generally upon showing by clear and convincing evidence that a particular add back would be unreasonable. To claim an exception, file Schedule ABI, Exceptions to the Add Back of Interest Expenses. For more information, see TIR 03-19.

Line 6

In calculating Massachusetts unrelated business taxable income, all net operating loss deductions claimed on federal Form 990-T (NOLs) must be added back. Enter the federal NOL deduction amount that you reported on Schedule E, Part II, line 17 as an add back adjustment amount on line 6.

Line 7

Enter all interest received on state and municipal obligations not reported in U.S. net income.

Line 8

Enter the total of other adjustments as reported on line 3 of Schedule E, Part III.

Line 9

Enter the total of other deductions as reported on line 3 of Schedule E, Part IV.

Line 10

Add lines 1 through 9 and enter the total amount in line 10.

Line 11

If the corporation conducts business activities in another state sufficient to give that state the jurisdiction to tax the corporation, Schedule F should be completed in order to determine the apportionment percentage. If all income is derived from business conducted in Massachusetts, enter 100% in line 11.

In completing Schedule F, if any of the apportionment totals for worldwide factors (lines 1c, 2a or 3f) are less than 3.33% of the income subject to apportionment (the amount in line 10), do not include that factor in calculating the apportionment percentage. The apportionment factors should be determined only with respect to the unrelated business activity of the exempt corporation. See 830 CMR 63.38.1 (11)(a)4b.

Line 13

Enter any income not subject to apportionment as reported on Schedule E, Part V Adjustments, line 1.

Line 15

A deduction is allowed for expenditures paid or incurred during the taxable year for the installation of any solar or wind powered climate control or water heating unit. Ancillary units do not qualify. In order to be eligible for this deduction, the property must be certified by the Office of Facilities Management.

Line 17

Massachusetts law allows for a loss carryover deduction. Enclose Schedule NOL to claim this deduction.

Line 20

If the corporation is required to recapture any amount of previously claimed EOA Credit, Low-Income Housing Credit, Brownfields Credit or Historic Rehabilitation Credit, complete the Credit Recapture Schedule and enter the result in line 20 of the return. Current year credits can then be used to offset the total excise due which will include the recapture amount. Also enter any installment sale tax due.

Line 22

The taxpayer must enter on line 22 the credit amount reported on Schedule CMS that is being used to reduce current year excise tax liability. The total credit amount claimed may be subject to limitations. Do not include amounts reported in line 31.

See Schedule CMS for additional information.

Line 30

Enter the amount of any withholding tax from pass-through entities. Enter the Payer Identification Number of any lower-tier entity which withheld such amount. If the taxpayer is a member of more than one lower-tier entity, attach a statement listing the amounts withheld and the Payer Identification Number of each such lower-tier withholding entity.

Line 31

If the corporation is claiming a refundable credit, enter the amount(s) from the Credit Manager Schedule and enclose the completed Credit Manager Schedule with the return.

Lines 33 through 35
Overpayments and refunds. If line 32 is larger than line 25, enter the amount overpaid in line 33.

The overpayment may be applied in part or in full to 2024 estimated taxes by entering in line 34 the amount to be credited to 2024 estimated tax payments. Enter in line 35 the amount to be refunded.

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

Line 36
If line 25 is larger than line 32, enter the balance due in line 36. Payment in full is due on or before April 16, 2024.

Lines 37a and 37b
Any company that has an underpayment of estimated tax will incur a penalty on the underpayment for the period of the underpayment. Enclose a copy of Form M-2220. For more information, refer to the section, "Should the Exempt Corporation Be Making Estimated Tax Payments?"

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

Any company which fails to pay its tax when due will be subject to interest on the unpaid balance.

Line 39
Enter the total payment due.

Declaration
When the return is complete it must be signed by the treasurer or assistant treasurer or, in their absence or incapacity, by any other principal corporate officer. If you are signing as an authorized delegate of the appropriate corporate officer, check the box below the signature line and attach Form M-2848, Power of Attorney with return. Form M-2848 should be uploaded through MassTaxConnect or electronically filed using other authorized software.

Paid Preparer Authorization
If you want to allow the DOR to discuss your 2023 business tax return with the paid preparer who signed it, fill in the Yes oval in the signature area of the form at the bottom of page 1. This authorization applies only to the individual whose signature appears in the paid preparer section of your return. It does not apply to the firm (if any) shown in that section. If you fill in the Yes oval you are authorizing DOR to call the paid preparer to answer any questions that may arise during the processing of your return. You are also authorizing the paid preparer to:

- Give DOR any information that is missing from your return;
- Call DOR for information about the processing of your return or the status of your refund or payment(s); and
- Respond to certain DOR notices that you have shared with the preparer about math errors, off-sets and return preparation. The notices will not be sent to the preparer.

You are not authorizing the paid preparer to receive any refund check, to bind you to anything (including any additional tax liability) or otherwise represent you before DOR. If you want to expand the paid preparer's authorization, see Form M-2848, Power of Attorney and Declaration of Representative. Form M-2848 is available at mass.gov/dor.

The authorization cannot be revoked. However, the authorization will automatically end no later than the due date (without regard to extensions) for filing your 2024 tax return.

Where to File
Taxpayers can file their tax returns online at mass.gov/masstaxconnect.

Credit Table

Credit name	Requirements	Refundable?	Credit type	a. MGL Chapter	Section	b. MGL Chapter	Section
Angel Investor	Certificate number*	No	AGLCRD	62	6(t)		
Apprenticeship	Certificate number	Yes, at 100%	APPCRD	62	6(v)	63	38HH
Brownfields	Certificate number	No	BRWFLD	62	6(j)	63	38Q
Certified Housing	Certificate number	No	CRTHOU	62	6(q)	63	38BB
Community Investment	Certificate number	Yes, at 100%	CMMINV	62	6M	63	38EE
Conservation Land	Certificate number	Yes, at 100%	CNSLND	62	6(p)	63	38AA
Cranberry Bog Renovation	Certificate number	Yes, at 100%	CRBCRD	62	6(w)	63	38II
Dairy Farm	Certificate number	Yes, at 100%	DAIFRM	62	6(o)	63	38Z
Disability Employment	Period end date	Yes	DETCRD	62	6(z)	63	38JJ
EDIP	Certificate number and Schedule EDIP**	If authorized, at 100%	EDIPCR	62	6(g)	63	38N
EDIP-Vacant Store Front	Certificate number	Yes, at 100%	VACSTR	62	6(g)	63	38N
EOAC	Period end date and Schedule EOAC**	If authorized	EOACCR	62	6(g)	63	38N
Farming and Fisheries	Period end date and Schedule FAF**	No	FRMFSH	62	6(s)		
Film Incentive	Certificate number	If authorized, at 90%	FLMCRD	62	6(l)	63	38X
Harbor Maintenance***	Period end date	No	HRBMNT			63	38P
Historic Rehabilitation	Certificate number	No	HISRHB	62	6J	63	38R
Investment Tax	Period end date and Schedule H**	No	INVTAX			63	31A
Lead Paint	Period end date and Schedule LP**	No	LEDPNT	62	6(e)		
Life Science (FDA)	Period end date and Schedule RLSC**	If authorized, at 90%	LFSFDA	62	6(n)	63	31M
Life Science (ITC)	Period end date and Schedule RLSC**	If authorized, at 90%	LFSITC	62	6(m)	63	38U
Life Science (Jobs)	Period end date and Schedule RLSC**	If authorized, at 90%	LFSJOB	62	6(r)	63	38CC
Life Science (RD)	Period end date and Schedule RLSC**	If authorized, at 90%	LFSRDC			63	38W
Low-Income Housing	Certificate number	No	LOWINC	62	6I	63	31H

* As of 2023 the method for reporting the Angel Investor credit on Schedule CMS is by certificate number. Prior to 2023 the method of reporting was by period end date.

** A schedule is required when the credit is generated or awarded in the current year.

*** Eligibility for obtaining the Harbor Maintenance Tax Credit has been repealed for tax years beginning on or after January 1, 2022. Taxpayers must continue to report available carryover credits to the extent they are allowed to use them.

Credit Table

Credit name	Requirements	Refundable?	Credit type	a. MGL Chapter	Section	b. MGL Chapter	Section
Low-Income Housing Donation	Certificate number	No	LIHDON	62	6I	63	31H
Medical Device****	Certificate number	No	MEDDVC	62	61⁄2	63	31L
National Guard Employee	Certificate number	No	NGHCRD	62	6(aa)	63	38KK
Offshore Wind Facility Capital Investment	Period end date	Yes	OSWITC	62	6(cc)	63	38MM
Offshore Wind Jobs	Period end date	Yes	OSWJTC	62	6(bb)	63	38LL
Pass-Through Entity Excise Tax (Form 63D-ELT)	Period end date	Yes*****	ELTCRD	63D	2		
Research	Period end date and Schedule RC**	No	REARCH			63	38M
Septic	Period end date and Schedule SC**	No	SEPTIC	62	6(i)		
Solar and Wind Energy	Period end date and Schedule EC**	No	SLRWND	62	6(d)		
Vanpool	Period end date and Schedule VP**	No	VANPOL			63	31E
Veteran's New Hire Tax	Certificate number	No	VETHIR	62	6(u)	63	38GG

** A schedule is required when the credit is generated or awarded in the current year.

**** Eligibility for obtaining the Medical Device Tax Credit has been repealed for tax years beginning on or after January 1, 2022. Taxpayers must continue to report available carryover credits to the extent they are allowed to use them.

***** Shareholders, partners, or beneficiaries of an eligible pass-through entity (qualified members) may claim a refundable credit equal to 90% of their allocable share of PTE Excise paid by such pass-through entity. See MGL ch 63D §§ 1-7; TIR 22-6 Pass-through Entity Excise. See also Elective pass-through entity excise FAQs.