



2024 Instructions for Massachusetts Unrelated Business Income Tax Return **Form M-990T**

This form has an electronic filing requirement.
See instructions.

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What kind of help is available

The instructions in the Department of Revenue's tax forms should provide answers to most taxpayer questions. If you have questions about completing your Massachusetts tax form, you can call us at (617) 887-6367 or toll-free in Massachusetts at 1-800-392-6089 Monday through Friday. DOR's website at mass.gov/dor is also 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. Interactive applications that allow taxpayers to check the status of their refunds and review their quarterly estimated tax payment histories are available through our website or by calling our main information lines listed above.

Where to get forms and publications

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

For general tax information. Please call (617) 887-6367 or toll-free in Massachusetts 1-800-392-6089. These main information lines can provide assistance with the following:

- | | | | |
|-------------------------|--------------------------------|---------------------------|-------------------------|
| ▶ abatements | ▶ corporate excise | ▶ fiduciary taxes | ▶ personal income taxes |
| ▶ bills and payments | ▶ estate taxes | ▶ nonresident information | ▶ refunds |
| ▶ business registration | ▶ estimated taxes | ▶ partnerships | ▶ withholding |
| ▶ business taxes | ▶ certificate of good standing | | |

For help in one of the following specific areas. Please call the number listed below.

- ▶ Installment sales (617) 887-6950
- ▶ Vision-impaired taxpayers can contact any DOR office to receive assistance.
- ▶ Upon request, this publication is available in an alternative format. Please send your request to: Office of Diversity and Equal Opportunity, PO Box 9557, Boston, MA 02114-9557.

To report allegations of suspected misconduct or impropriety involving Department of Revenue employees, please call the Office of Ethics and Employee Responsibility Hot Line at 1-800-565-0085 or write to PO Box 9567, Boston, MA 02114.

Major 2024 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.

Temporary Authorized Training Tax Credit for Emergency Assistance

A new credit takes effect for tax years beginning on or after January 1, 2024. The credit is available to businesses that provide training to individuals receiving benefits through the Massachusetts emergency housing assistance program. The credit is equal to \$2,500 for each such employee. The credit is temporary. It is available only for tax years during which the emergency housing assistance program is subject to capacity limitations. The credit is no longer available as of January 1, 2026. See TIR 24-7 for additional information.

Qualified Veterans Hire Tax Credit

For tax years beginning on or after January 1, 2024, the qualified veterans hire tax credit for qualified employers that hire eligible veterans increases from \$2,000 to \$2,500. See TIR 24-15, Tax Provisions in An Act Honoring, Empowering, and Recognizing Our Servicemembers and Veterans, for additional information.

Repeal of the Angel Investor Tax Credit

The Angel Investor Tax Credit (AITC), is repealed effective for tax years beginning on or after January 1, 2024. The AITC was previously allowed under MGL ch 62, § 6(t), and was awarded by the Massachusetts Life Sciences Center for certain investments in designated development projects. A taxpayer that has unused AITC from a tax year beginning before January 1, 2024 may carry such unused credit forward and use it in tax years beginning on or after January 1, 2024, subject to the limitations under 830 CMR 62.6.5(11).

Singles Sales Factor Apportionment

Effective for tax years beginning on or after January 1, 2025, corporate excise and financial institution excise filers that apportion their income to Massachusetts must do so by using the sales or receipts factor only. In addition, for such tax years,

the computation of the receipts factor for financial institutions has been changed with respect to receipts from investment and trading assets and activities. See TIR 24-4, Section IV. Filers that have short tax years beginning on or after January 2025 and ending during 2025 may be required to use the 2024 forms to file for the short year if the applicable 2025 forms are not available at the time the short year return must be filed. See TIR 11-12. Short year filers using 2024 returns in this manner must determine their sales or receipts factors using single sales factor apportionment and, if they are financial institutions, must apply the new rules applicable to receipts from investment and trading assets and activities.

Additionally, filers that have elected to use a 52-53 week taxable year for any tax year beginning on or after December 16, 2024 must report Massachusetts apportionment using the sales or receipts factor only.

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.

Privacy Act Notice

The Privacy Act Notice is available upon request or at mass.gov/dor.

General Instructions

Form M-990T Electronic Filing

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.

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 re-order 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 15, 2025. See **Filing Due Dates** above.

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 2024 return for calendar year 2024 and fiscal years that began in 2024 and ended in 2025. 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).

Line Instructions

Note: Lines without specific instructions are considered to be self-explanatory.

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.

Number of Massachusetts and Worldwide Employees

Enter the number of Massachusetts employees and the number of worldwide employees on their respective lines.

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.

S Corporation Election Termination or Revocation

Fill in this oval if the taxpayer's S corporation status was terminated or revoked by election or otherwise.

Member of Lower-tier Entity

A tiered structure is a pass-through entity that has a pass-through entity as a member. The term "pass-through entity" refers to an entity whose income, loss, deductions and credits flow through to members for Massachusetts tax purposes. The term "member" includes a partner in a partnership and a member of a limited liability company treated as a partnership in Massachusetts, as well as a shareholder in an S corporation. As between two entities, the pass-through entity that is a member is the upper-tier entity, and the entity of which it is a member is the lower-tier entity. If the S corporation is a member of another pass-through entity, it should fill in this oval.

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.

Number of attached Schedules E (Form M-990T)

Enter the number of Schedules E (Form M-990T) which are attached to this Form M990-T return. See Massachusetts Schedule E (Form M-990T) below.

Digital Assets

Fill in the oval if at any time during 2024 you received (as a reward, award, or payment for property or services) a digital asset, or sold, exchanged, gifted, or otherwise disposed of a digital asset (or a financial interest in a digital asset). Digital assets include non-fungible tokens (NFTs) and virtual currencies, such as cryptocurrencies and stablecoins.

Form M-990T Schedule Instructions

Massachusetts Schedule E (Form M-990T)

A 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.

To be consistent with reporting on U.S. Form 990-T, Schedule A, an organization with more than one unrelated trade or business should complete and submit a separate Schedule E for each unrelated trade or business and enclose them all with Massachusetts Form M-990T. See Instructions to U.S. Form 990-T, Schedule A (Purpose of the Schedule).

Separate Unrelated Trade or Business Schedule E Information

Each unrelated trade or business must fill in its own information on the Schedule E header. This includes:

- ▶ Name of corporation and Federal Identification Number;
- ▶ Unrelated business activity code; and
- ▶ Description of the unrelated trade or business in which the business submitting this Schedule E is engaged. See instructions to U.S. Form 990-T, Schedule A (Purpose of the Schedule - Separate Trades or Businesses) for further details.

Sequence of Separate Schedules E

When there is more than one unrelated trade or business for which a Schedule E must be completed, the filer must enter the same sequence of separate numbers on each Schedule E as reported in item D of each corresponding U.S. Form 990-T, Schedule A.

In the event a separate unrelated trade or business submitting a Schedule E is also completing Schedule F or Schedule NOL, such unrelated trade or business must enter the same sequence number on each in the same manner as reported on its corresponding Schedule E.

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.

Line 16

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

Line 17

Enter Deduction for Net Operating Loss (NOL) amount directly from U.S. Form 990-T, Schedule A, Part II, line 17.

Line 18

Subtract line 17 from line 16 and enter the total on line 18. This is the total unrelated business taxable income.

Schedule E Part III Computation of Taxable Income

Line 1

Enter the total from Schedule E, Part II, line 18. This is the total unrelated business taxable income.

Line 2

Enter all interest received on state and municipal obligations not reported in U.S. net income on line 2.

Line 3

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 3 and added back into income.

Line 4

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 5

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 6

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 ABIE, Exceptions to the Add Back of Interest Expenses. For more information, see TIR 03-19.

Line 7

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 7.

Line 8

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

Adjustment relating to research and development expenses should be entered on line 8. The taxpayer must enclose a statement explaining these adjustments.

Enter any other adjustments not reported on line 1 here.

Combine total of all items and amounts listed and enter this amount as the total of all other adjustments on line 8.

Line 9

Add the total of lines 1 through 8 and enter this amount on line 9.

Line 10

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

Line 13

Enter any other adjustments not reported on line 8 here. Total all items and amounts listed and enter this amount as the total of all other deductions not listed above.

Line 15

If the unrelated trade or business conducts business activities in another state sufficient to give that state jurisdiction to tax the unrelated trade or business, 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 15.

Schedule F

A schedule F should be completed by each unrelated trade or business of the taxpayer that has income from unrelated business activities taxable both in Massachusetts and in any other state. For purposes of this requirement "taxable" has the meaning set forth in 830 CMR 63.38.1(5)(b).

When a Schedule F is completed the unrelated trade or business must enter the same sequence number

on its Schedule F as it is reported on its corresponding Schedule E.

This standard is not satisfied simply because the unrelated trade or business is incorporated in another state or files a return in another state that relates to capital stock or franchise tax for the privilege of doing business.

Special Rules for 2025 short year filers

Income Apportionment Using Single Sales Factor Only (Effective for tax years beginning on or after January 1, 2025)

A tax year 2025 short year filer required to follow TIR 11-12 in the event a 2025 Form M-990T and supporting schedules are not available (see **What if the Taxpayer Is a Fiscal or Short Year Filer?** on page 5) should report Massachusetts apportionment using the sales factor only.

Special Rules for 52-53 Week filers

Income Apportionment Using Single Sales Factor Only (Effective for tax years beginning on or after December 6, 2024)

Taxpayers electing to use a 52-53 week taxable year for any tax year beginning on or after December 16, 2024 must report Massachusetts apportionment using the sales factor only.

An unrelated trade or business filing Schedule E and completing Schedule F must fill in the Apportioning net income based on sales factor only oval in cases where the:

- (i) 2025 short year filer must follow the rules in TIR 11-12 where a 2025 Form M990-T is not available (see **What if the Taxpayer Is a Fiscal or Short Year Filer?**); or
- (ii) taxpayer elected a 52-53 week taxable year when such taxable year begins on or after December 16, 2024.

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 17

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.

Line 19

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 21

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

When a Schedule NOL is completed the unrelated trade or business must enter the same sequence number on the Schedule NOL as reported on its corresponding Schedule E.

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 unrelated business taxable income total computed as the sum of all amounts reported by unrelated trades or businesses on all Schedules E, Part III, line 22 submitted with this Form M-990T.

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.

Excise before Credits

Lines 3a and 3b

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 3a. Current year credits can then be used to offset the total excise due which will include the recapture amount.

Enter any additional tax due on installment sales. on line 3b.

Credits

Line 5

The taxpayer must enter on line 5 the amount of total credits reported on Schedule CMS that are being used to reduce current year tax liability. Schedule CMS must be enclosed with this return. The total credit amount claimed may be subject to limitations. See Schedule CMS for additional information.

Note: Any credits being claimed must be determined with respect to each unrelated business activity being reported on this return.

Excise after Credits

Line 6

Subtract total of line 5 from line 4 and enter here. This amount is the excise due before voluntary contribution.

Line 7

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

Payments

Line 12

Use this line only if you are amending the original return. Enter in line 12 the amount of tax you paid with the original return from line 22, "Payment due at time of filing." If estimated tax payments were made on the original return, they should be reflected on line 10, as on the original return. Select the appropriate Amended return oval on page 1. Complete the entire return, correct the appropriate lines with the new information and recompute the tax liability. On an enclosed sheet, explain the reasons for the amendments and identify the lines and amounts being changed on the amended return. For faster processing, it is recommended that the taxpayer file and pay its amended return and pay any tax due electronically. Electronic filing requirements apply to amended returns. See TIR 21-9 for further information.

Line 13

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 14

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.

Refund or Balance Due

Lines 16 through 18

Overpayments and refunds. If line 15 is larger than line 8, enter the amount overpaid in line 16.

The overpayment may be applied in part or in full to 2025 estimated taxes by entering in line 17 the

amount to be credited to 2025 estimated tax payments. Enter in line 18 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 19

If line 8 is larger than line 15, enter the balance due in line 19. Payment in full is due on or before April 15, 2025.

Lines 20a and 20b

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 22

Enter the total payment due at the time of filing the return.

Schedule CMS: Tax Credits

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/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 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 reduc-

tion 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.

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 MassTax-Connect or electronically filed using other authorized software.

Paid Preparer Authorization

If you want to allow the DOR to discuss your 2024 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, offsets 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.

This authorization will automatically end no later than the due date (without regard to extensions) for filing your 2025 tax return. If you wish to revoke this authorization, you can do so by submitting a signed statement to the DOR listing the name and address of each representative whose authority is being revoked.

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 Angel Investor Tax Credit has been repealed for tax years beginning on or after January 1, 2024. Taxpayers must continue to report available carryover credits on Schedule CMS to the extent they are allowed to use them.

**** 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 on Schedule CMS 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)		
Training Tax	Certificate number	No	TTCCRD	62	6(dd)(1)	63	38NN(a)
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 on Schedule CMS 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.

Note: Certified life sciences companies with a Research Credit exceeding the amount of credit that may be claimed under section 38M for a taxable year may, to the extent authorized under the Life Sciences Tax Incentive Program, elect to make 90% of the balance of remaining credits refundable. See MGL ch 63, § 38M(j).