



# 2025 Instructions for Massachusetts Premium Excise Return for Life Insurance Companies **Form 63-20P**

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](http://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](http://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 2025 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](http://mass.gov/dor).

## Filing Due Dates

Massachusetts General Laws (MGL) ch. 62C, §§ 11 and 12 require C corporations to file their corporate excise returns on or before the 15th day of the fourth month following the close of each taxable year.

The 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.

## Withholding on Sales of Massachusetts Real Estate

Sales of Massachusetts real estate are subject to withholding on the gross sales price or estimated net gain from the sale, when the gross sales price equals or exceeds \$1,000,000. The amount withheld is calculated based on the gross sales price of the real estate, unless the seller elects the alternative withholding calculation based on the seller's estimated net gain from the sale of the real estate. The seller must report gain from the sale of real estate on their return for the tax year in which the sale takes place, and the seller may claim the amount withheld as a credit on their return. The credit is available for tax years beginning on or after January 1, 2025, for real estate closings that occur on or after November 1, 2025. There are many exemptions from the withholding requirement, including for corporations with a continuing Massachusetts business presence, a member of a combined group where one member of such group has a continuing Massachusetts business presence; insurance companies; and financial institutions that maintain a place of business in Massachusetts. For additional information, see 830 CMR 62B.2.4 and the Department's website at <https://www.mass.gov/info-details/withholding-requirement-sale-of-real-estate-by-non-residents>.

## Massachusetts Credits

Several new credits are available. In addition, certain existing credits have been revised. These are discussed in detail in TIR 24-16 and TIR 25-5.

### New Climatetech Tax Incentive Program:

The Climatetech Tax incentive program adds three new credits for eligible expenses incurred by climatetech companies in developing and deploying technologies aimed at mitigating or adapting

to climate change. The credit takes effect for tax years beginning on or after January 1, 2024. A climatetech company must be certified as such by the Massachusetts clean energy technology center ("CEC").

The program provides for the following credits:

- The Climatetech Incentive Jobs Credit is awarded in an amount determined by CEC (in consultation with the Department of Revenue) to climatetech companies that create at least five new jobs in the climatetech sector. The credit is available to both corporate excise and personal income tax filers.
- The Climatetech Capital Investment Credit is awarded in an amount, determined by CEC, up to fifty percent of a climatetech company's investment in a climatetech facility.
- The Climatetech Qualified Research Expenses Credit is awarded at the discretion of CEC in an amount equal to the sum of (i) 10% of the excess of qualified research expenses for the taxable year, over a base amount, and (ii) 15% of the basic research payments as determined for federal tax purposes.

See TIR 25-5, Section I, for a more detailed discussion of the credits, including eligibility, refundability, carryover of unused credits, and limitations on the credits

### New Live Theater Credit

The Live Theater Credit is available for costs incurred in presenting certain live theater productions in Massachusetts. The credit is equal to the sum of (i) 35% of a theater company's total in-state payroll costs, (ii) 25% of its total in-state production and performance expenditures, and (iii) 25% of its total in-state transportation expenses. The Massachusetts Office of Business Development awards the credit based on applications submitted by theater companies. The credit is transferable but is not refundable. Unused credit may be carried forward for five years. The credit is available for tax years beginning on or after January 1, 2025, and will expire on January 1, 2030. For additional information see TIR 25-5, Section II.

### New Homeownership Credit

The Homeownership Credit is available to real estate developers that build certain new housing units. The credit is awarded in an amount determined by the Massachusetts Housing Finance Agency based on applications submitted by developers. The credit is transferable but not refundable. The credit is available for tax years beginning on or after January 1, 2025. For additional information, including eligibility rules, see TIR 24-16, Section II.

### New Qualified Conversion Credit

The Qualified Conversion Credit is available to real estate developers that convert existing commercial property to residential or mixed use. The credit is awarded in an amount determined by the Executive Office of Housing and Livable Communities based on applications submitted by developers. The credit cannot exceed 10% of a developer's costs. The credit is transferable but not refundable. The credit is available for tax years beginning on or after January 1, 2025, and expires on or before December 31, 2029. For additional information see TIR 24-16, Section III.

### Other Credits

Certain existing credits have been revised by recent legislation. These revisions expand the availability of the following credits for the tax years indicated:

- Community Investment Credit (effective for tax years beginning on or after January 1, 2025);
- Economic Development Incentive Program Credit (effective for credits awarded on or after November 20, 2024);
- Historic Rehabilitation Credit (effective for tax years beginning on or after January 1, 2024);
- Life Sciences Tax Incentive Program (effective for tax years beginning on or after January 1, 2024);
- Research Credit (effective for research expenses incurred on or after November 20, 2024);
- Offshore Wind Investment Tax Credit (effective retroactively for tax years beginning on or after January 1, 2023); and
- Offshore Wind Jobs Tax Credit (effective retroactively for tax years beginning on or after January 1, 2023).

For additional information see TIR 24-16 Sections IV and V and TIR 25-5 Sections V through VIII and X through XIII.

### Single Sales Factor Apportionment

Effective for tax years beginning on or after January 1, 2025, partnership, 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.

**Note:** All filers that apportion their income to Massachusetts must complete the tangible property and payroll sections of their respective apportionment calculations, even if they are basing apportionment solely on the sales or receipts factor.

## Federal Conformity

Massachusetts generally conforms to the Internal Revenue Code (IRC or Code) as currently in effect for Massachusetts corporate and financial institution excise purposes. However, in some instances Massachusetts has enacted laws to decouple from the federal law. An example of this is the disallowance of the federal deduction for bonus depreciation (IRC § 168(k)). For more up-to-date and detailed information on tax changes and federal conformity, visit DOR's website at [mass.gov/dor](http://mass.gov/dor).

## Federal Tax Law Changes

Federal tax legislation passed in 2025 made a number of changes to the IRC. The Massachusetts corporate excise generally adopts those changes that pertain to the computation of income and deductions, unless Massachusetts enacts laws to decouple from the federal law. See TIR 25-XX for a discussion of the effect of the federal legislation on the corporate excise and financial institution excise.

## Extension Due Dates

C corporations are allowed an automatic extension to file their tax returns if they satisfy the payment requirements stated in TIR 15-15. Tax returns filed on extension are due 6 months from the due date (October 15 in the case of C corporations filing on a calendar year basis). See TIR 17-5.

## Privacy Act Notice

The Privacy Act Notice is available upon request or at [mass.gov/dor](http://mass.gov/dor).

# General Instructions

## Electronic Filing and Payment Requirements

Insurance companies are required to file and pay their taxes electronically. Taxpayers should file their tax returns online at [mass.gov/masstaxconnect](http://mass.gov/masstaxconnect). For further information, see TIR 21-9.

## Who Must File Form 63-20P?

All domestic life insurance companies, as defined by MGL ch 175, §§ 47 and 118, which are subject to MGL ch 63, § 20, and which do any or all of their business in Massachusetts, must complete and file Form 63-20P.

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

All classes of foreign life insurance companies on accident and health business subject to MGL ch, §§ 23, 24 and 24A must file Form 63-20P.

All foreign life insurance companies subject to MGL ch 63, §§ 20, 21 and 24A must file Form 63-20P.

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

**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 an extension payment, by or before the due date of the original return.

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 one upon which all required amounts have been entered for all of the appropriate items on the form. Data sheets, account forms, or other documents may be attached to explain these amounts.

To be valid, a return must also include the following:

- Schedule T, Exhibit of Premiums Written from the NAIC Annual Statement;
- Annual Statement for the Year for Direct Business in the State of Massachusetts.

**Note:** An exact copy of the taxpayer's federal tax return (including all applicable schedules and any other documentation required to substantiate entries made on this return) **must** be submitted along with Form 63-20P.

If a copy of the taxpayer's federal tax return is unavailable at the time of filing Form 63-20P because the taxpayer has requested an extension of time to file their federal tax return, the taxpayer must instead submit a copy of their application for extension. An exact copy of U.S. Form 1120, including all applicable schedules and any other documentation required to substantiate entries made on this return, must be made available to DOR upon request.

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

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

## When are Estimated Tax Payments Required?

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

40%, 25%, 25% and 10% of the estimated annual tax liability.

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

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

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

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

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

For more information on corporate estimated taxes, refer to MGL ch 63B.

## What Are the Penalties for Late Returns?

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

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

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

## How Is the Excise Determined?

Domestic life insurance companies are taxed both on life and accident and health premiums written in Massachusetts and on premiums written in other jurisdictions where no tax is paid. Form 63-20P filers must also add in dividends applied to purchase paid-up additions and/or to shorten the premium paying period. The tax rate is 2% after claiming allowable deductions.

Form 63-20P filers are allowed deductions for dividends to policyholders, including those:

- Paid in cash;
- Applied in reduction of renewal premiums;
- Left to accumulate at interest;
- Applied to purchase paid-up additions; or
- Applied to shorten the premium paying period.

Deductions are also allowed to Form 63-20P filers for returned premiums (not including cash surrender values) and/or premiums for Company Employees' Group Life and Accident and Health plans only if previously included in line 1 of Part 1.

A deduction for preferred provider arrangement premiums is allowed to those companies who have been approved by the Commissioner of Insurance as preferred provider organizations if those premiums were previously included in line 1 of Part 1 and reported on Form 63-23P.

Foreign Accident and Health insurance companies are taxed on net direct premiums for insurance of property or interest in Massachusetts.

Foreign life insurance companies are taxed on all new and renewal policies issued during the preceding calendar year if the insured is a resident of Massachusetts at the time the premium was paid.

## Filing an Amended Return

**Supporting Statement Required.** 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 (e.g., 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, 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.

## Massachusetts 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 63-20P. 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](http://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.

## Federal Change to Prior Year Taxable Income

Fill in the oval if the federal government has changed your taxable income for any prior year which has not yet been reported to Massachusetts.

## Digital Assets

Fill in the oval if at any time during 2025 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.

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

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

## Filing an Application for Abatement

File an Application for Abatement, Form ABT, only to dispute one of the following:

- Penalties
- Audit assessments
- Responsible person determinations

Insurance companies are required to file a dispute online at [mass.gov/masstaxconnect](http://mass.gov/masstaxconnect).

Visit [mass.gov/info-details/amend-your-tax-return-or-request-an-abatement-of-tax](http://mass.gov/info-details/amend-your-tax-return-or-request-an-abatement-of-tax) for additional information about filing an application for abatement.

## Are There Special Tax Credits Available In Massachusetts?

Yes. Massachusetts offers several special credits to corporations. See instructions for Credit Manager Schedule (Schedule CMS) beginning on page 5.

# Line Instructions

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

Parts 1 through 3 of Form 63-20P must be completed before entering amounts to complete the Excise Calculation. Use the whole dollar method for all amounts entered.

## Excise Calculation

**Note:** Domestic and Foreign life insurers must enclose a copy of Schedule T (Exhibit of Premiums Written from the NAIC Annual Statement) with this return.

## Domestic Life Insurers

### Line 1

Enter the amount of premiums subject to tax in Massachusetts (from Part 1, Domestic Life Premium Excise Calculation, line 10). If amount is negative, enter 0.

### Line 4

Enter the amount of accident and health premiums subject to tax in Massachusetts from Part 1, Domestic Life Premium Excise Calculation, line 11.

### Lines 5 and 13

If the corporation is required to recapture any amount of previously claimed Economic Opportunity Area Credit, Low-Income Housing Credit, Life Science Credit and Historic Rehabilitation Credit, complete the Credit Recapture Schedule (Schedule CRS) and enter the result in line 5 or 13 of the return. Current year credits can then be used to offset the total excise due which will include the recapture amount.

## Foreign Life Insurers

### Line 7

Enter the amount of life premiums subject to tax in Massachusetts from Part 2, Foreign Premium Excise Calculation, line 7. If amount is negative, enter 0.

### Lines 8 and 11

Use Part 3 of Form 63-20P to calculate your excise using the same method and rate used by the

state in which you are incorporated and would be imposed on a like Massachusetts insurance company, or its agents, if doing business to the same extent. If the computation in the state of your incorporation is in every respect the same as your Massachusetts computation, a statement to that effect should be made. Retaliatory tax provisions are provided under MGL ch 63, § 24A.

### Line 10

Enter the amount of total net direct accident and health premiums subject to tax in Massachusetts from Part 2, Foreign Premium Excise Calculation, line 12. If the amount is negative, enter 0.

## Credits

**Note:** Do not claim any credit here if such credit has been claimed on Form 63-23P (Premium Excise Return for Insurance Companies).

### Line 15

A company shall be allowed a credit against the premium tax equal to 1.5% (0.015) of such company's total capital contribution in excess of their full proportionate share which shall mean an investment in the Massachusetts Life Insurance Company Community Investment Initiative.

This credit is effective for tax years in which the aggregate cumulative investment in the Massachusetts Life Insurance Company Community Investment Initiative reaches \$100,000,000 or the tax year 2005, which ever is later.

### Line 16

Enter 1.5% (0.015) of the company's proportionate share of the cost of certain investments in the Massachusetts Capital Resource Company.

### Line 17

The taxpayer may take 10% of any class B assessments paid to the Massachusetts Life and Health Insurance Guaranty in the prior five calendar years. For this 2025 return, the taxpayer may take 10% of class B assessments paid in 2020 through 2024.

### Line 18

Enter the total amount of other credits claimed from the Schedule CMS. Do not include refundable credits that you will be reporting below on line 28 in the total reported on this line.

## Excise After Credits

### Line 21

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

The Natural Heritage and Endangered Species Fund is administered by the Department of Fisheries, Wildlife and Environmental Law Enforce-

ment to provide for conservation programs for rare, endangered and nongame wildlife and plants in the Commonwealth.

## Payments

### Line 27

## NEW - Schedule 63-WH: Massachusetts Corporate Excise Withholding

A taxpayer that is a corporation, pass-through entity or other organization subject to MGL Chapter 63 must complete and submit Schedule 63-WH with their tax return to report withholding of Massachusetts corporate excise. All withholding amounts reported to the taxpayer must be entered on the schedule (including forms 1099, Schedules K-1, W-2G and NRW and other forms or schedules that include withholding of Massachusetts corporate excise). If the taxpayer is a member of one or more lower-tier entities and amounts were withheld for the taxpayer by one or more of such lower-tier entities, the taxpayer should indicate how much of the total amount withheld was allocated to it, along with the payer name and identification number of each lower-tier entity.

Include on line 27 the total excise withheld as reported on Schedule 63-WH, line 14 from all forms, schedules or other sources. Enclose Schedule 63-WH and all attached forms, schedules or other sources of withholding with your return.

**Note:** Failure to submit Schedule 63-WH and all pertinent forms or schedules may delay processing of your return.

## Refund or Balance Due

### Line 30 through 32

If line 29 is greater than line 22, subtract line 22 from line 29 and, enter the amount overpaid in line 30.

The overpayment may be applied in part or in full to 2025 estimated taxes by entering in line 31 the amount to be credited to 2025 estimated tax payments. Enter in line 32 the amount to be refunded.

**Note:** The due dates for estimated tax payments are not the same as the return due dates for corporations. An overpayment from the prior year return 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.

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 33

If line 29 is greater than line 22, enter the balance due in line 33.

### Lines 34a through 35

Any company that has an underpayment of estimated tax will incur a penalty on the underpay-

ment for the period of the underpayment. Enclose a copy of Form M-2220. For more information, refer to the section When Are Estimated Tax Payments Required?

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

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

#### **Line 36**

Enter the total payment due. Insurance companies are required to submit any payment due electronically. See TIR 21-9.

### **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 carry-over, 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.

For Sections 1 or 3, a credit identified by period end date eligible for indefinite or unlimited carry-over under MGL ch 63 § 32C (or other provision of law) should be reported as "non-expiring" and the period end date or certificate number should be left blank.

**Note:** Taxpayers reporting "non-expiring" credits must enclose a statement with their return indicating credits converted to non-expiring in a manner consistent with their Schedule CMS "non-expiring" credit reporting.

#### **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](http://mass.gov/dor).

## Credit Recapture Schedule

The Credit Recapture Schedule (Schedule CRS) 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.

For more information and examples, see the Schedule CRS instructions.

## Declaration

The completed return must be signed by the treasurer or assistant treasurer or, in their absence or incapacity, by any other principal corporate officer. If you are filing as an authorized delegate of the appropriate corporate officer enclose a copy of Massachusetts Form M-2848, Power of Attorney with the 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 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](http://mass.gov/dor).

This authorization will automatically end no later than the due date (without regard to extensions) for filing your 2024 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.

## 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
Climatetech Capital Investment	Period end date	If authorized, at 90%	CCICRD	62	6(gg)	63	38RR
Climatetech Incentive Jobs	Period end date	If authorized, at 90%	CIJCRD	62	6(hh)	63	38TT
Climatetech Qualified Research	Period end date	If authorized, at 90%	CQRCRD			63	38SS
Commercial Conversion	Certificate number	No	CCCCRD	62	6(ee)	63	38OO
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 (issued prior to November 20, 2024)	Certificate number and Schedule EDIP**	If authorized, at 100%	EDIPCR	62	6(g)	63	38N
EDIP (issued on or after November 20, 2024)	Certificate number and Schedule EDIP**	If authorized, at 100%	EDICRD	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)		

\* 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
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
Live Theater	Certificate number	No	LTCCRD	62	6(ff)	63	38QQ
Low-Income Housing	Certificate number	No	LOWINC	62	6I	63	31H
Low-Income Housing Donation	Certificate number	No	LIHDON	62	6I	63	31H
Massachusetts Homeownership	Certificate number	No	MHCCRD	62	6O	63	38PP
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)	63	38NN
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).