



Form 3F
Income Tax Return of Corporate Trust

2005
Massachusetts
Department of Revenue

Registration

For calendar year 2005 or taxable period beginning		2005 and ending	
Name of corporation	Federal business code	Federal identification number (FID)	
Principal business address	City/Town	State	Zip
Principal business address in Massachusetts	City/Town	State	Zip
1. Kind of business	2. Date of organization	3. <input type="checkbox"/> Check if RIC/ REIT (see instr.)	4. Has the trust elected to be a federal S corporation? <input type="checkbox"/> Yes <input type="checkbox"/> No
6. Last year audited by IRS	7. <input type="checkbox"/> Check if Section 38 manufacturer		8. <input type="checkbox"/> Check if requesting alternative apportionment. Attach Form AA-1.
9. Amount of accumulated earnings and profits as of 1/1/71, if the trust was not subject to Mass. taxation and if it had earnings and profits accumulated prior to 1/1/71: \$. Attach a schedule giving dates and amounts of distributions from such earnings and profits since 1971. Total of distributions: \$.			

Computation of Tax

1	Gross receipts or gross sales	Less: returns and allowances	Balance	1
2	Less: Cost of goods sold (from U.S. Forms 1120 or 1120A, line 2)			2
3	Gross profit (from U.S. Forms 1120 or 1120A, line 3)			3
4	Gross rents (from U.S. Forms 1120 or 1120A, line 6)			4
5	Gross royalties (from U.S. Forms 1120 or 1120A, line 7)			5
6	Total. Add lines 3 through 5			6
7	Deductions (from U.S. Form 1120, line 27 or 1120A, line 23). See instructions			7
8	Taxes (U.S. Forms 1120 or 1120A, line 17); contributions (U.S. line 19); other adjustments			8
9	Total Massachusetts deductions. Subtract line 8 from line 7			9
10	Net profit or loss from business. Subtract line 9 from line 6			10
11	Total interest from savings in Massachusetts banks			11
12	Other 5.3% income (from U.S. Forms 1120 or 1120A, line 10)			12
13	Subtotal 5.3% income or loss before allocation. Add lines 10 through 12			13
14	Mass. apportionment percentage (Mass. Sch. E, line 5; if income derived solely from business in Mass., enter 100%)		%	14
15	Net taxable 5.3% income. Multiply line 13 by line 14			15
16	Adjusted 5.3% income. If line 15 is less than "0," enter "0." Otherwise, enter the amount from line 15			16
17	Interest and dividend income (from Schedule B, line 40)			17
18	Total 5.3% income. Add line 16 and line 17			18
19	Tax on 5.3% income (use Tax Table from Form 1. If line 18 is over \$24,000, multiply by .053)			19
20	Taxable 12% capital gains (from Massachusetts Schedule B, line 43)			20
21	Tax on 12% capital gains. Multiply line 20 by .12			21
22	Tax on long-term capital gains (from Massachusetts Schedule D, line 18; not less than "0")			22
23	Credit recapture (attach Schedule H-2; see instr.): <input type="checkbox"/> Brownfields <input type="checkbox"/> Economic Opportunity <input type="checkbox"/> Low-Income Housing			23
24	Total tax. Add lines 19, 21, 22 and 23			24
25	Lead Paint Credit (from Massachusetts Schedule LP)			25
26	Economic Opportunity Area Credit (from Massachusetts Schedule EOA)			26
27	Full Employment Credit (from Massachusetts Schedule FEC)			27
28	Brownfields Credit (from Massachusetts Schedule BC)			28
29	Low-Income Housing Credit (attach eligibility statement)			29
30	Home Energy Efficiency Credit (from Schedule HEEC)			30
31	Historic Rehabilitation Credit			31
32	Tax after credits. Subtract the total of lines 25 through 31 from line 24. Not less than "0"			32
33	2004 overpayment applied to your 2005 estimated tax			33
34	2005 Massachusetts estimated tax payments (do not include amount in line 33)			34
35	Payments made with extension			35
36	Amount overpaid. Subtract line 32 from the total of lines 33 through 35			36
37	Amount overpaid to be credited to your 2006 estimated tax			37
38	Amount of your refund. Subtract line 37 from line 36			38
39	Amount of tax due. Subtract the total of lines 33 through 35 from line 32. Make check payable to Comm. of Mass.			39
40	Include in the total in line 39, if applicable: Interest \$; Penalty \$; M-2210 Penalty \$			

Sign Here

Under the penalties of perjury, I declare that I have examined this return, including accompanying schedules and statements, and to the best of my knowledge and belief, it is true, correct and complete. Declaration of preparer (other than taxpayer) is based on all information of which he/she has knowledge.			
Signature of appropriate officer (see instructions)	Date	Social Security number	Title
Individual or firm signature of preparer	Date	PTIN or SSN	Address

Mail to: Mass.
Dept. of Revenue,
PO Box 7018
(7025, if S corp.),
Boston, MA 02204.

If you are signing as an authorized delegate of the appropriate officer, check here ☐ and attach Massachusetts Form M-2848, Power of Attorney.

Schedule B. Interest, Dividends and Certain Capital Gains and Losses

1	Gross dividends (from U.S. Forms 1120 or 1120A, line 4)	1	
2	Total interest income (from U.S. Forms 1120 or 1120A, line 5)	2	
3	Other interest and dividends not included above (attach statement).	3	
4	Total interest and dividends. <i>Add lines 1 through 3</i>	4	
5	Total interest from savings in Massachusetts banks (from page 1, line 11)	5	
6	Interest and dividends taxed directly to Massachusetts trusts and estates (if included in line 4 above)	6	
7	Other interest and dividends to be excluded. Attach schedule.	7	
8	<i>Add lines 5 through 7.</i>	8	
9	Subtotal. <i>Subtract line 8 from line 4</i>	9	
10	Allowable deductions from your trade or business (from Massachusetts Schedule C-2, line 8)	10	
11	Subtotal. <i>Subtract line 10 from line 9.</i> If you have no short-term capital gains or losses, long-term gains on collectibles and pre-1996 installment sales, gains or losses from the sale, exchange or involuntary conversion of property used in a trade or business, allowable deductions from your trade or business, carryover short-term losses from prior years, or net long-term capital losses, omit lines 12 through 37. Enter this amount in line 38, complete lines 39 and 40 and omit lines 41 through 44. Otherwise complete Schedule B	11	
12	Short-term capital gains (included in U.S. Forms 1120 or 1120A, Schedule D, Part I, lines 1, 2 and 3)	12	
13	Long-term capital gains on collectibles and pre-1996 installment sales (from Massachusetts Schedule D, line 8)	13	
14	Gain on the sale, exchange or involuntary conversion of property used in a trade or business and held for one year or less (from U.S. Form 4797)	14	
15	<i>Add lines 12 through 14</i>	15	
16	Allowable deductions from your trade or business (from Massachusetts Schedule C-2, line 11)	16	
17	Subtotal. <i>Subtract line 16 from line 15</i>	17	
18	Short-term capital losses (included in U.S. Forms 1120 or 1120A, Schedule D, Part I, lines 1, 2 and 3)	18	
19	Loss on the sale, exchange or involuntary conversion of property used in a trade or business and held for one year or less (from U.S. Form 4797)	19	
20	Prior short-term unused losses for years beginning after 1981 (from 2004 Massachusetts Schedule B, line 44).	20	
21	<i>Combine lines 17 through 20.</i> If "0" or greater, omit lines 22 through 25 and enter this amount in line 26. If less than "0," complete line 22	21	
22	Short-term losses applied against interest and dividends. Enter the smaller of line 11 or line 21 (as a positive amount). Not more than \$2,000.	22	
23	Subtotal. <i>Combine lines 21 and 22</i>	23	
24	Short-term capital losses applied against long-term capital gains. See instructions	24	
25	Short-term losses available for carryover in 2006. Combine lines 23 and 24 and enter result here and in line 44, omit lines 26 through 30, and complete lines 31 through 43.	25	
26	Short-term gains and long-term gains on collectibles. Enter amount from line 21	26	
27	Long-term capital losses applied against short-term capital gains. See instructions.	27	
28	Subtotal. <i>Subtract line 27 from line 26</i>	28	
29	Long-term gains deduction. Complete only if lines 13 and 28 are greater than "0." If line 13 shows a gain, enter 50% of line 13 minus 50% of losses in lines 18, 19, 20 and 27, but not less than "0"	29	
30	Short-term gains after long-term gains deduction. <i>Subtract line 29 from line 28</i>	30	
31	Enter the amount from line 11	31	
32	Short-term losses applied against interest and dividends. Enter the amount from line 22	32	
33	Subtotal. <i>Subtract line 32 from line 31</i>	33	
34	Long-term losses applied against interest and dividends. See instructions	34	
35	Adjusted interest and dividends. <i>Subtract line 34 from line 33</i>	35	
36	Enter the amount from line 30	36	
37	Adjusted gross interest, dividends and certain capital gains and losses. <i>Add lines 35 and 36.</i> Not less than "0"	37	
38	If line 37 is greater than or equal to line 11, enter the amount from line 11. If line 37 is less than line 11, enter the amount from line 37	38	
39	Mass. apportionment percentage (from Mass. Sched. E, line 5; if income derived solely from business in Mass., enter 100%)	39	%
40	Net taxable interest and dividends. <i>Multiply line 38 by line 39.</i> Enter the result here and on Form 3F, line 17	40	
41	Taxable 12% capital gains. <i>Subtract line 38 from line 37.</i> Not less than "0"	41	
42	Mass. apportionment percentage (from Mass. Sched. E, line 5; if income derived solely from business in Mass., enter 100%)	42	%
43	Net taxable 12% capital gains. <i>Multiply line 41 by line 42.</i> Enter the result here and on Form 3F, line 20	43	
44	Available short-term losses for carryover in 2006. Enter amount from line 25 only if it is a loss	44	

Schedule D. Long-Term Capital Gains and Losses Excluding Collectibles.

Attach copy of U.S. Schedule D.

1 Enter net gains or losses from U.S. Forms 1120 or 1120A, Schedule D, Part II, line 11. If not filing U.S. Schedule D, report 100% of capital gains distributions in line 1	1	
2 Loss on the sale, exchange or involuntary conversion of property used in a trade or business and held for more than one year (not included in line 1)	2	
3 Carryover losses from prior years. See instructions	3	
4 Subtotal. <i>Combine line 1, line 2 and line 3</i>	4	
5 Net gains or losses taxed directly to Massachusetts trusts and included in line 4	5	
6 Differences and adjustments, if any (attach additional statement)	6	
7 <i>Exclude/subtract line 5 and line 6 from line 4</i>	7	
8 Long-term gains on collectibles and pre-1996 installment sales. Also, enter this amount in Schedule B, line 13.	8	
9 Subtotal. <i>Subtract line 8 from line 7</i>	9	
10 Capital losses applied against capital gains. See instructions	10	
11 Subtotal. If line 9 is greater than "0," subtract line 10 from line 9. If line 9 is less than "0," combine lines 9 and 10	11	
12 Long-term capital losses applied against interest and dividends. See instructions	12	
13 Subtotal. Combine lines 11 and 12.	13	
14 Allowable deductions from your trade or business (from Massachusetts Schedule C-2, line 14)	14	
15 Subtotal. <i>Subtract line 14 from line 13</i>	15	
16 Massachusetts apportionment percentage (from Massachusetts Schedule E, line 5)*	16	%
17 Adjusted taxable long-term capital gains/losses. <i>Multiply line 15 by line 16</i>	17	
18 Tax on long-term capital gains. <i>Multiply line 17 by .053. Not less than "0."</i> Enter result here and on Form 3F, line 22.	18	
19 Available losses for carryover in 2006. Enter the amount from line 13, only if it is a loss	19	

*If income was derived solely from business carried on in Massachusetts, enter 100% in line 16.

Schedule E. Income Apportionment/Business Locations Outside Massachusetts

Location (city and state)	Indicate whether factory, sales office, warehouse, construction site, etc.	Answer Yes or No		
		Accepts orders	Registered to do business in state	Files returns in state

Apportionment Factors

1 Tangible Property	A. Massachusetts	B. Everywhere	C. Percentage
a Property owned (averaged)	1a		
b Rented property (capitalized)	1b		
c Totals. <i>Add lines 1a and 1b for each column.</i>	1c		
d Tangible property apportionment percentage. <i>Divide col. A total by col. B total</i>	1d		%
2 Payroll			
a Total	2a		
b Payroll apportionment percentage. <i>Divide col. A total by col. B total</i>	2b		%
3 Sales			
a Tangibles	3a		
b Services	3b		
c Rents and royalties.	3c		
d Other.	3d		
e Totals. <i>Add lines 3a through 3d for each column</i>	3e		
f Sales apportionment percentage. <i>Divide col. A total by col. B total</i> × 2 =	3f		%
4 Apportionment percentage. <i>Add lines 1d, 2b and 3f of col. C</i>	4		%
5 Massachusetts apportionment percentage. <i>Divide line 4 by four. See instructions. (Enter here and in Form 3F, line 14, Schedule B, lines 39, 42 and Schedule D, line 16)</i>	5		%

Form 3F Instructions

General Information

What is a corporate trust for Massachusetts tax purposes? A corporate trust is any partnership, association or trust the beneficial interest in which is represented by transferable shares. Corporate trusts engaged in any business activity or transaction in Massachusetts are generally subject to taxation in Massachusetts on the same basis as individuals with certain exceptions. For additional information, see MGL Ch. 62, sec. 8. For information about the taxation of individuals, see the Form 1 instructions. A federal S corporation which qualifies as a Massachusetts corporate trust must file Form 3F.

Note: Corporate trusts are subject to an expanded set of rules in the Internal Revenue Code (IRC) that apply to corporations. In determining its Massachusetts adjusted gross income, a corporate trust will be considered a corporation for purposes of any determination involving secs. 311, 312, 332 to 338, inclusive, or 346 to 368, inclusive, of the IRC. Also, income of a Massachusetts corporate trust that may not be taxed in other states because of U.S. Constitutional constraints will be taxable in Massachusetts in its entirety if the commercial domicile of the corporate trust is in Massachusetts. See TIR 04-25 for more information.

When must Form 3F be filed? A Form 3F must be filed on or before April 18, 2006, if the corporate trust's gross income for the taxable year exceeds \$100. If prior permission has been granted on Form 13 to file on a fiscal year basis, Form 3F is due on or before the 15th day of the 4th month after the close of the fiscal year.

How do I receive an extension? To receive an extension of time to file, you must file an Application for Extension of Time to File Massachusetts Fiduciary, Partnership or Corporate Trust Return, Form M-8736, and pay the amount of tax you expect to owe on or before the due date for filing your Massachusetts income tax return. The filing and approval of this form will extend the due date for six months. Interest is charged on any tax not paid by the original due date. Your extension will not be valid if you fail to pay 80% of your total tax liability through estimated tax payments or with your Massachusetts Form M-8736. This form is available by visiting www.mass.gov/dor or at any Department of Revenue location.

Note: Under Massachusetts law, professional and foreign corporations registered to do business in the Commonwealth must file an annual report with the Secretary of State on or before the 15th day of the third month after the close of the corporation's fiscal year. The annual report form may be obtained by calling (617) 727-9440. The fee is \$125. Reports not filed on a timely basis will be assessed a \$25 late fee. If you have any questions about this requirement, please call the Secretary of State's corporate information line at (617) 727-9640.

Are certain trusts exempt from Massachusetts income tax? Yes. MGL Ch. 62, sec. 8, exempts the following trusts from Massachusetts income tax:

- Regulated investment companies under sec. 851 of the IRC.
- Real estate investment trusts under sec. 856 of the IRC.
- If the corporate trust was a holding company under the terms of MGL Ch. 62 sec. 8(b) as in effect on December 31, 2003, and on such date the corporate trust was a holding company under the Public Utility Holding Company Act of 1935. See TIR 04-25 for more information.

- Entities which elect to be treated as a Real Estate Mortgage Investment Conduit, as defined under sec. 860D of the IRC for federal income tax purposes.

What U.S. forms must accompany Form 3F? An exact and complete copy of U.S. Form 1120, 1120A, 1120S, 1120-REIT or 1120-RIC as filed must be attached and made part of the return. Certain schedules may be omitted. The following schedules, however, must be included: Schedule D, Capital Gains and Losses; Form 4797; Supplemental Schedule of Gains; Cost of Goods Sold; Other Income; Taxes; Contributions; Amortization and Other Deductions. If the trust does not file U.S. Form 1120, 1120A or 1120S, copies of the return and schedules that the trust does file with the Internal Revenue Service must be attached.

In the event a corporate trust, subject to taxation in Massachusetts, has participated in filing a consolidated federal return with other entities, such as corporations or trusts not subject to taxation in Massachusetts, etc., the attached copy of U.S. Form 1120 should be a statement of the entire income of such trust taxable in Massachusetts as was included in the consolidated federal return. Supporting schedules in columnar form must be filed, for such trust included in the consolidated federal return, showing the items of gross income and deductions, a computation of taxable income, balance sheets as of the beginning and end of the taxable year, and a reconciliation of retained earnings.

Line Instructions

Question 3. If the trust is a Regulated Investment Company (RIC) under sec. 851 of the Internal Revenue Code (IRC) or a Real Estate Investment Trust (REIT) under sec. 856 of the IRC, check the box in question 3. Such entities are exempt from Massachusetts income tax on Form 3F but must file an informational return. You may do so by filing Form 3F and entering "0" in lines 6 (income before deductions), 24 (total tax), 30 (tax after credits), 36 (amount of your refund) and 37 (tax due). Also, you must write either "RIC-Informational Return" or "REIT-Informational Return" across the front of the return.

Note: RICs are required to file informational returns only in the year the RIC makes its election to be a RIC and in the final year that it exists as a qualified RIC.

Question 5. If the trust is filing a final return or liquidating, check the box in question 5 and attach a separate statement explaining the liquidation.

Liquidations of a trust may receive different treatment under the IRC and Massachusetts law. If you have any questions about a particular liquidation, consult the Customer Service Bureau at (617) 887-MDOR.

Question 9. Dividends paid since December 31, 1970, from earnings and profits accumulated prior to January 1, 1971 by a trust that was not subject to Massachusetts taxation, are taxable dividends to the recipient individuals, partnerships, or other trusts. Such recipients should be informed of the taxable dividend amounts and the trusts must report names, addresses, and amounts on a copy of U.S. Form 1099-DIV. All dividends, whether or not from current or accumulated earnings, paid by any corporate trust engaged in business in Massachusetts to a corporation subject to taxation under MGL Ch. 63 are taxable to such corporation.

Filing U.S. Form 1120S. If a corporate trust is filing U.S. Form 1120S, U.S. Income Tax Return for an S Corporation, enter amounts from the lines on Form 1120S corresponding to the line references

from U.S. Form 1120 or 1120A. If there is no equivalent U.S. Form 1120S line reference, enter the requested amount as if it had been reported on U.S. Form 1120 or 1120A.

Line 7. Massachusetts depreciation has been decoupled from the federal “bonus” depreciation law. For Massachusetts 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, using the method used for federal income tax purposes prior to the enactment of sec. 168(k). Adjust the amount from U.S. Form 1120, line 27 or 1120A, line 23 to account for Massachusetts differences due to the disallowance of bonus depreciation. For more information see TIRs 02-11 and 03-25.

Line 8. A trust is allowed only those expense deductions which are available to an individually owned business. Consequently, certain deductions allowed on the U.S. 1040, Schedule A or on the U.S. 1120, 1120A or 1120S are not allowed. These include:

- Certain taxes, such as foreign, state, local income or franchise, or capital stock taxes or excises;
- Contributions;
- Other adjustments, such as any amount deducted on your U.S. return that is related to income not subject to Massachusetts taxation; or
- U.S. net operating loss deduction and other special deductions.

Line 11. Enter all interest (and dividends) credited or received from savings deposits, savings accounts, share or share savings accounts including term and time deposits in any kind of bank located in Massachusetts. Such savings account organizations include any savings or cooperative bank, credit union, or savings and loan association, and any national bank, trust company, banking company, or Morris Plan company located in Massachusetts. The \$100/\$200 exemption available to individuals is not available to trusts. All other interest (and dividends) should be reported on Schedule B (see instructions to line 17.)

Line 17 and Massachusetts Schedule B, Interest and Dividends. Interest on any variable interest rate note and fixed interest rate note is taxed at 5.3%. Also, any interest (or dividends) from any bank deposit in Massachusetts or in another state or country and any interest on any personal or business account receivable, note, loan, taxable bond or security deposit or advance payments on rentals is taxed at 5.3%. The treatment of a distribution that is a return of capital for taxable years beginning after December 31, 1973 is the same as under the IRC.

Line 20 and Massachusetts Schedule B, Certain Capital Gains and Losses. Short-term capital gains and losses, gains or losses on the sale, exchange or involuntary conversion of property used in a trade or business and held for one year or less, and long-term gains on collectibles and pre-1996 installment sales classified as capital gain income for Massachusetts purposes is taxed at 12%.

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

Line 23. If any Brownfields Credit, Economic Opportunity Area Credit or Low-Income Housing Credit property is disposed of or ceases to be in qualified use prior to the end of its useful life, the difference between the credit taken and the total credit allowed for

actual use must be added back to your tax on Form 3F. Complete and attach Schedule H-2, Credit Recapture. Schedule H-2 is available at www.mass.gov/dor or by calling (617) 887-MDOR.

Schedule B, Line 3. Enter the interest from obligations of other states and their political subdivisions. Enter dividends received from an S corporation that were made from its undistributed income upon which the U.S. income tax was paid previously.

Schedule B, Line 10. Enter the amount from a pro-forma Massachusetts Schedule C-2, line 8 if you qualify for an excess trade or business deduction. Generally, taxpayers may not use excess 5.3% deductions to offset other income. Massachusetts law allows such offsets if the following requirements are met: the excess 5.3% deductions must be adjusted gross income deductions allowed under MGL Ch. 62, sec. 2(d); and these excess deductions may only be used to offset other income which is effectively connected with the active conduct of a trade or business or any other income allowed under IRC, sec. 469(d)(1)(B) to offset losses from passive activities. Attach Schedule C-2 to your return. **Note:** When completing the pro-forma Schedule C-2, be sure to substitute the Form 1 or Form 1-NR/PY and Schedule B line references with the appropriate Form 3F and Schedule B line references.

Schedule B, Line 16. Enter the amount from a pro-forma Massachusetts Schedule C-2, line 11. Attach Schedule C-2 to your return. **Note:** When completing the pro-forma Schedule C-2, be sure to substitute the Form 1 or Form 1-NR/PY and Schedule B line references with the appropriate Form 3F and Schedule B line references.

Schedule B, Line 24 and Schedule D, Line 10. If Schedule B, line 23 is a loss and Schedule D, line 9 is a positive amount, enter the smaller of Schedule B, line 23 (considered as a positive amount) or Schedule D, line 9 on Schedule B, line 24 and on Schedule D, line 10.

Schedule B, Line 27 and Schedule D, Line 10. If Schedule B, line 26 is a positive amount and Schedule D, line 9 is a loss, enter the smaller of Schedule B, line 26 or Schedule D, line 9 (considered as a positive amount) on Schedule B, line 27 and on Schedule D, line 10.

Schedule B, Line 34 and Schedule D, Line 12. If Schedule B, line 33 is a positive amount and Schedule D, line 11 is a loss, you must complete a pro forma version of the Long-Term Capital Losses Applied Against Interest and Dividends Worksheet found in the Form 1 instruction booklet. When completing the worksheet, substitute Schedule B, line 31 (Form 3F) for Schedule B, line 29 (Form 1); Schedule B, line 32 (3F) for Schedule B, line 30 (Form 1); Schedule D, line 11 (Form 3F) for Schedule D, line 14 (Form 1); Schedule D, line 12 (3F) for Schedule D, line 15; and Schedule B, line 34 (3F) for Schedule B, line 32 (Form 1).

Schedule D, Line 3. If you have a carryover loss from a prior year, enter in line 3 the amount of carryover losses from your 2004 Schedule D, line 19.

Instructions for Schedule E, Income Apportionment

Schedule E should be completed by a corporate trust deriving income from business activities in another state which allow such state the jurisdiction to levy an income tax or a franchise tax. **Note:** If alternative apportionment is being requested under Ch. 63, sec. 42, you must still complete and file Schedule E. Also, check the box in line 8 of the Registration Section on page 1, and attach Form AA-1. A refund will be issued if alternative apportionment is granted by the Commissioner. For further information, see 830 CMR 63.42.1.

Make certain that complete information is entered for all apportionment factors. Any return which is incomplete will be considered insufficient.

Note: Mutual fund service corporations must file a “pro forma” Schedule F, Income Apportionment, found in the Massachusetts 355 instruction booklet.

Line 1. Property factor. Item a. Corporate trusts must use original cost for average valuation of property owned. Averages of opening and closing balances are acceptable unless there have been substantial changes during the taxable year, in which case the Commissioner may require monthly averaging to properly reflect the average value of the property.

Item b. Rented property must be valued at eight times the annual net rental paid less annual sub-rentals received.

Line 2. Payroll factor. Enter the total amount of wages, salaries, commissions and other compensation paid to employees. Use the same basis as is used for reporting employee compensation to the Massachusetts Division of Employment and Training.

Line 3. Sales factor. For sales factors, enter all gross receipts with the exception of receipts from interest, dividends and the sale or other disposition of securities. **Note:** If the trust is commercially domiciled in Massachusetts, sales not taxed in other states because of U.S. Constitutional constraints are Massachusetts sales. See TIR 04-25 for more information.

Item a. Sales of tangible property are assignable to Massachusetts if the property is delivered or shipped to any buyer in Massachusetts, or the trust is not taxable in the state of the buyer and the goods are not sold by a salesman based outside Massachusetts. Buyers include the U.S. Government. Sales of tangible property are not assignable to Massachusetts if the property is shipped or delivered to a buyer in a foreign country, or sold to any branch or instrumentality of the U.S. Government for resale to a foreign government.

Item b. Sales of services, or other intangibles, are assigned to Massachusetts if the income producing activity is performed in Massachusetts or if the greater portion of the activity, based on costs of performance, occurs in Massachusetts, than in any other state.

Item c. Rents from property located or used in Massachusetts are assigned to Massachusetts. Royalties are assigned to the state in which the property right is actually used by the lessee.

Lines 4 and 5. Apportionment. Divide the total apportionment percentage in line 4 by either 4, 3, 2 or 1, depending upon the number of apportionment factors which apply. Remember that the sales factor is double-weighted. For example, if only the sales and payroll factors are applicable, divide by 3 instead of 4. An apportionment factor should not necessarily be considered inapplicable if its Massachusetts total (column A, lines 1c, 2a or 3e) is zero. If any of the apportionment totals for “Everywhere” (column B, line 1c, 2a or 3e) are less than 3.33% of net income, do not include that factor in the Massachusetts apportionment percentage.

Where to file. Mail Form 3F and all accompanying schedules and attachments to: **Massachusetts Department of Revenue, PO Box 7018, Boston, MA 02204.**

A federal S corporation which qualifies as a Massachusetts corporate trust should mail Form 3F and all accompany schedules and attachments to: **Massachusetts Department of Revenue, PO Box 7025, Boston, MA 02204.**