Caution:

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This is an early release draft of a 2026 Massachusetts tax form or schedule.

Do not file **DRAFT** forms.

DRAFT forms **will not** be processed.

Schedule EOAC
Economic Opportunity Area Credit 2026

Name | Federal Identification or Social Security number

General information

1 Type of business for which property is being used (fill in only one):

○ Sole proprietorship ○ Partnership ○ S corporation ○ Financial institution ○ Insurance company ○ Corporation ○ Trust

○ Corporation included in a combined return

○ Other (specify) _____

Name and identification number of type of business indicated above _____

2 Type of return this schedule is filed with _____

3 Location of certified project _____

4 Date project was certified by EACC _____

Computation of 5% current year Economic Opportunity Area Credit (EOAC)

5 Briefly, but accurately, describe purchases of qualifying property for the 5% EOAC. Complete details must be available upon request.	**Date acquired**	**Life or recovery** (years)	**Cost** (if not using cost, explain on separate sheet)

6 Total cost of property **6**

7 US basis reduction, if any **7**

8 Total cost of property after reduction. Subtract line 7 from line 6. . . . . **8**

9 Available current-year EOAC. Multiply line 8 by .05. See instructions **9**

Credit allowable in current year. Corporate taxpayers **omit** this section.

10 Total tax for determining allowable credit. Form 1, line 28; Form 1-NR/PY, line 32; or Form 2, line 41 . . . . . **10**

11 Total of other credits. See instructions. **11**

12 Subtract line 11 from line 10. Not less than "0" **12**

13 Enter 50% of line 12. Multiply line 12 by 0.5. . . . . **13**

14 EOAC available this year. Add line 9 and prior year's unused EOAC **14**

15 EOAC allowable for use in current year. If line 13 is greater than or equal to line 14, enter line 14. If line 13 is less than line 14 enter line 13. Also enter this amount on Form 1, Schedule CMS; Form 1-NR/PY, Schedule CMS; Form 2, Schedule CMS **15**

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Schedule EOAC Instructions

General Information

What Is the Economic Opportunity Area Credit?

The Economic Opportunity Area Credit (EOAC) is a tax credit equal to 5% of the cost of property purchased for business use within a Certified Project in an EOA. The credit covers all property that is 1) eligible for the current 3% Investment Tax Credit (ITC) and 2) used exclusively in a certified project in an economic opportunity area (EOA). The 5% EOAC and the 3% ITC **cannot** be taken for the same property. In the case of a taxpayer having property which meets the criteria for both credits, the taxpayer may choose either of the credits, but may not take both credits for the same property.

What Is an EOA?

An EOA is an area that has been designated by the Economic Assistance Coordinating Council (EACC) to be a "decadent area" or a "blighted open area" which is detrimental to the sound growth of a community and unlikely to be developed by the ordinary operation of private enterprise.

Who Is Eligible to Take the EOA Credit?

The credit is available to all businesses regardless of whether the business is a sole proprietorship, partnership, corporate trust or corporation. It is also available to financial institutions, insurance companies and public service corporations.

What If My Economic Opportunity Area Credit Originated from a Pass-Through Entity?

If this credit originated from a pass-through entity, for example, a partnership, you must enter the name and identification number of that pass-through entity and begin completing this schedule at line 9.

What Is a Certified Project?

A Certified Project is a business proposal that has been approved by the EACC. To qualify as a valid business proposal, the proposal must include a workable plan to increase employment in the EOA and must be approved by the municipality located in the EOA.

What Type of Property Is Eligible for the Credit?

Property purchased for business use in a certified project may be used in the calculation of the credit. This property must qualify for the credit allowed under MGL ch 63, § 31A.

Are There Limitations to the Credit?

Yes. Taxpayers subject to tax under MGL ch 62 (sole proprietorships, trusts and partnerships) are allowed to use the EOAC to offset up to 50% of their tax due. Corporations may offset up to 50% of the excise due with the EOAC. Corporations cannot use the credit to lower their excise below the minimum. The 50% limitation does apply to financial institutions, insurance companies and public service corporations.

May Excess Credits Be Carried Over from Year to Year?

Yes. Taxpayers subject to tax under MGL ch 62 may carryover unused credits for ten years. Taxpayers subject to tax under MGL ch 63 may carry over for ten years any credits not used due to the minimum excise limitation. However, any credits not used due to the 50% limitation can be carried over for an unlimited period of time.

Line Instructions

Line 1. Check the type of business for which the property is being used.

Line 2. Enter the type of return that you file. Enclose a copy of this schedule with your return.

Line 3. The location of the certified project should be entered here.

Line 4. Enter the date the project was certified by the EACC.

Line 5. Enter here an accurate description of the qualifying property for the 5% EOAC. The credit is limited to property purchased for business use within the EOA.

Line 6. Enter the total cost of the property purchased for business use in the certified project as approved by the EACC.

Line 7. Enter the amount taken for any US basis reduction.

Line 8. Subtract line 7 from line 6. This is the total cost of the property after deducting any US basis reduction.

Line 9. Multiply line 8 by 5% (.05). This equals the available current year EOAC.

If you are an S corporation shareholder, you will be notified by the S corporation of the amount to enter in line 9. If you are a general or limited partner, you will be notified by the partnership of the amount to enter in line 9.

Credit allowable in the current year. Most taxpayers can offset up to 50% of their tax due with the EOAC. **Note:** Corporate taxpayers omit lines 10 through 17.

Line 10. Enter in line 10 your total tax from Form 1, line 28; Form 1-NR/PY, line 32; or Form 2, line 41.

Line 11. Taxpayers filing Form 1, Form 1-NR/PY or Form 2, add the Limited Income Credit, Credit for Income Taxes Paid to Other Jurisdictions, Lead Paint Credit, Economic Development Incentive Program Credit, Septic Credit, Low-Income Housing Credit, Historic Rehabil itation Credit, Film Incentive Credit, Medical Device Credit, Brown fields Credit, Employer Wellness Program Credit, Farming and Fisheries Credit, Low-Income Housing Donation Credit, and Veterans Hire Credit. Enter the result in line 11. All other taxpayers enter "0."

Line 12. Subtract line 11 from line 10 and enter the result here. Do not enter less than "0."

Line 13. Enter 50% of line 12 in line 13.

Line 14. Add line 9 and any prior years unused EOAC. Enter the result in line 14.

Line 15. For taxpayers filing Form 1, Form 1-NR/PY or Form 2, if line 13 is greater than or equal to line 14, enter line 14 here. If line 13 is less than line 14, enter line 13 here.

Enter the amount from line 15 in Schedule CMS, Credit Manager Schedule, and be sure to attach Schedule CMS with your return.

Any credits not used in the current year due to the 50% limitation may be carried over for an unlimited number of years.

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