



Commonwealth of Massachusetts

Department of Revenue

Instructions for Massachusetts Estate Tax Return **Form M-706**

For dates of death on or after August 1, 2025.

General Information

Note: All references to the Internal Revenue Code (IRC), the Code or any section of the Code refer to the IRC in effect on December 31, 2000. All references to the federal Form 706, United States Estate (and Generation-Skipping Transfer) Tax Return or to the Instructions for Form 706 refer to the July 1999 revisions of the federal estate tax return and the instructions.

Recent Changes

Effective August 1, 2025, Section 2A of Chapter 65C of the General Laws is amended to require that, for the purpose of determining the Massachusetts estate tax, the value of Qualified Terminable Interest Property not included in the decedent's federal gross estate for which a Massachusetts estate tax deduction was allowed when transferred to the decedent (Massachusetts QTIP) must be added to the decedent's federal gross estate, and the decedent's federal gross estate must be reduced by the value of real and tangible personal property located outside of Massachusetts. For nonresidents, the Massachusetts estate tax calculation is based on a gross estate containing only real and tangible personal property located in Massachusetts. For all decedents, deductions are only allowed that are attributable to property in the gross estate after the additions to and reductions from the gross estate in Section 2A. 2025 Mass. Acts Ch. 9, sec 35.

For Massachusetts resident decedents with real or tangible personal property located outside of Massachusetts. If the federal gross estate of a Massachusetts resident decedent includes real or tangible property located outside of Massachusetts, the Massachusetts estate tax shall be determined based on the value of the federal gross estate after such estate is reduced by the value of such real and tangible property located outside of Massachusetts, and increased by the value of Massachusetts QTIP (other than real and tangible property located outside of Massachusetts). No deductions are allowed that are attributable to real or tangible property located outside of Massachusetts.

For nonresident decedents with real or tangible personal property located in Massachusetts. The Massachusetts estate tax for a nonresident decedent shall be determined based on the value of the federal gross estate after such estate is reduced by the value of all property other than Massachusetts real and tangible property and increased by the value of any Massachusetts QTIP that is Massachusetts real or tangible property. Deductions are only allowed that are attributable to Massachusetts real or tangible property.

Form M-706, Part 1 must be completed for all returns.

- ▶ If this return is for the estate of a Massachusetts resident decedent who did not own real estate and/or tangible personal property in another state, complete Part 1, omit Parts 2 and 3, and enter the credit amount in Part 4, line 1a.
- ▶ If this return is for the estate of a Massachusetts resident decedent with real or tangible personal property located outside of Massachusetts, complete Parts 1 and 2, omit Part 3, and complete Part 4.
- ▶ If this return is for the estate of a nonresident decedent with real or tangible personal property in Massachusetts, complete Part 1, omit Part 2 and complete Parts 3 and 4.
- ▶ Form M-706 can be filed by entering information electronically through MassTaxConnect. Filing through MassTax Connect will result in faster processing, and a quicker generation of the Massachusetts Estate Closing Letter and the Certificate Releasing Massachusetts Estate Tax Lien.
- ▶ A Power of Attorney, Form M-2848, has been added to Form M-706. Form M-2848 must also be filed in order to grant a power of attorney for Form M-4422.
- ▶ Form M-4422 (application for release of lien) requires the complete Form M-2848 (power of attorney) for third-party representation

Effect of Goodridge decision on Internal Revenue Code in effect on December 31, 2000

Beginning May 16, 2004 Massachusetts law permits same-sex couples to marry. See *Goodridge v. Department of Public Health*, 440 Mass. 309 (2003) and Technical Information Release 04-17, Massachusetts Tax Issues Associated with Same-Sex Marriages. As a result of the Goodridge decision, the term "spouse", for Massachusetts estate tax purposes, includes partners in a same-sex marriage. The following three provisions of the December 31, 2000, IRC reflect the Massachusetts estate tax treatment of spouses in a same-sex marriage.

Marital deduction. A Massachusetts marital deduction is allowable for property passing from a decedent to his/her surviving same-sex spouse to the same extent that property left to a surviving husband or wife is allowable as a marital deduction provided the requirements of IRC § 2056 are met.

Joint property. Spouses in a same-sex marriage are allowed to include in the gross estate of a decedent one-half the value of certain joint interests under IRC § 2040(b) in the same manner that a husband and wife are permitted in this treat-

ment provided the interest in property meets the requirements of IRC § 2040(b)(2).

Gifts to a third party. IRC § 2513 permits a gift made by one spouse to any person to be considered as made one-half by the donor and one-half by the donor's spouse. This election is available to spouses in a same-sex marriage. Although Massachusetts does not have a gift tax, this section can affect the application of related estate tax provisions (i.e., the filing threshold). Copies of the gift tax returns filed with the IRS must be provided.

Privacy Act Notice

Under the authority of 42 U.S.C. § 405(c)(2)(C)(i) and MGL ch 62C, § 5, the Department of Revenue has the right to require an individual to furnish his or her Social Security number on a state tax return. This information is mandatory. The Department of Revenue uses Social Security numbers for taxpayer identification to assist in processing and keeping track of returns and in determining and collecting the proper amount of tax due. Under MGL ch 62C, § 40, the taxpayer's identifying number is required to process a refund of overpaid taxes. Although tax return information is generally confidential pursuant to MGL ch 62C, § 21, the Department of Revenue may disclose return information to other taxing authorities and those entities specified in MGL ch 62C, §§ 21, 22 or 23, and as otherwise authorized by law.

Massachusetts Filing Requirements

The filing thresholds and exempt amounts for Massachusetts estate tax purposes are the following:

Year of death	Threshold/exemption
2003	\$ 700,000
2004	\$ 850,000
2005	\$ 950,000
2006-2022	\$1,000,000
2023 and thereafter	\$2,000,000

To determine whether a return must be filed for a decedent's estate, add:

1. The adjusted taxable gifts (under § 2001(b)) made by the decedent after December 31, 1976;
2. The decedent's federal gross estate valued at the date of death.

See [Massachusetts Estate Tax Guide](#).

The executor/personal representative must file Form M-706, Massachusetts Estate Tax Return, for any estate in which the sum of the above two items exceeds the exempt amount for the year of the decedent's death. For further information, see Technical Information Release 02-18, Tax Changes Contained in "An Act Enhancing State Revenues" and Related Acts and DOR Directive 03-2, Issues Arising from Decoupling the Massa-

chusetts Estate Tax from the Federal Estate Tax. Beginning with deaths occurring in 2003, the filing thresholds and exempt amounts are lower for Massachusetts estate tax purposes than for federal estate tax purposes.

Adjusted taxable gifts affect the Massachusetts filing threshold but are not added to the taxable estate (page 1, line 4 of the July 1999 revision of the federal Form 706) for the computation of the credit for state death taxes.

The executor/personal representative of a nonresident decedent who owned or transferred, for less than full and adequate consideration, real estate or tangible personal property located in Massachusetts must file a Form M-706, Massachusetts Estate Tax Return, if the sum of the two items described above exceeds the exempt amount for the year of the decedent's death. The estate of a non-resident decedent may have a Massachusetts filing requirement even if the value of the Massachusetts real or tangible personal property is less than the exempt amount for the year of the decedent's death. The estate tax for the estate of a nonresident decedent with Massachusetts property is computed in Part 3 of Form M-706 or Form M-4422. The gross value of the real property and tangible personal property in Massachusetts is used in the calculation. **Do not reduce the value of the Massachusetts property by the amount of any mortgage or lien.**

The estate of a nonresident decedent must also file Form M-NRA, Massachusetts Nonresident Decedent Affidavit. The gross values of all real and/or tangible personal property having an actual situs in Massachusetts and included in the decedent's gross estate are listed on line 26 of Form M-NRA.

Definition of an Executor

For purposes of the Massachusetts estate tax, an executor/personal representative is defined as the executor/personal representative or administrator of the decedent's estate, or, if there is no executor/personal representative or administrator appointed, qualified and acting within the Commonwealth, then any person in actual or constructive possession of any property of the decedent. MGL ch 65C, § 6(a).

Due Dates and Extensions

The Massachusetts estate tax return, with all required documents, and the payment for the tax, if any, must be filed within nine months after the date of the decedent's death.

Requests for an extension of time to file or to pay must be made prior to the due date of the return on Form M-4768, Massachusetts Estate Tax Extension Application. An extension of time to file shall only be granted if the application is accom-

panied by the estimated tax payment unless the estate is also requesting an extension of time to pay the estate tax. An extension of time to file is void if the total amount paid before the due date of the return is less than 80% of the tax finally determined to be due unless the estate was granted an extension of time to pay the estate tax.

Payment of Tax and Filing the Return

Payments can now be made online at mass.gov/masstaxconnect. Also, credit cards are now accepted for estate tax payments.

Payment of the estate tax can also be made by a check payable to the Commonwealth of Massachusetts. Enter the decedent's full name and Social Security number in the memo portion of the check. The executor/personal representative signing the return is personally liable for payment of any tax shown on the return if it is not otherwise paid. The return and the tax payment should be sent to the Massachusetts Estate Tax Unit, PO Box 7023, Boston, MA 02204.

Interest and Penalties

Interest on any unpaid tax accrues from the original due date of the return which is nine months after the date of the decedent's death. The Department determines the quarterly interest rate on underpayments pursuant to MGL ch 62C, § 32. The interest rate for underpayments is the Federal short-term rate determined under Section 6621(b) of the IRC, as amended and in effect for the taxable year, plus four percentage points, compounded daily. Effective July 1, 2003, the interest rate on overpayments pursuant to MGL ch 62C, § 40 is the Federal short-term rate determined under Section 6621(b) of the IRC, as amended and in effect for the taxable year, plus two percentage points, simple interest. The interest rates for underpayments and overpayments may change quarterly and are announced in a quarterly Technical Information Release.

The penalty for failure to file Form M-706 by the due date, or within an authorized extension of time, is 1% per month (or fraction thereof) to a maximum of 25% of the tax as finally determined to be due. MGL ch 62C, § 33(a). The penalty for failure to pay the tax reported as due on Form M-706, by the due date, or within an authorized extension of time, is 1% per month (or fraction thereof) to a maximum of 25% of the tax reported to be due. MGL ch 62C, § 33(b).

Required Documents

All estates that are required to file a Massachusetts estate tax return must submit the following documents:

- Form M-706, Massachusetts Estate Tax Return;
- the July 1999 revision of the federal Form 706, United States Estate (and Generation-Skipping

Transfer) Tax Return, with all attachments described in the instructions for that form. If the estate is required to file a current federal Form 706, include a copy of that return, in addition to Form 706 (with a revision date of July 1999) and the Form M-706; and

- a check, payable to the Commonwealth of Massachusetts, for the Massachusetts estate tax, if any, that is due with the decedent's full name and Social Security number entered in the memo portion of the check.

New: Payments can now be made online at mass.gov/masstaxconnect. Also, credit cards are now accepted for estate tax payments.

Computation of Credit for State Death Taxes (Code § 2011)

The Massachusetts taxable estate is computed by making allowable deductions to the federal gross estate as adjusted for Massachusetts estate tax purposes. The credit for state death taxes is computed using the taxable estate from Part 1, line 6; Part 2, line 7; or Part 3, line 7 of the M-706. The Massachusetts taxable estate is reduced by \$60,000 and the credit is computed using the rates contained in Table B located on page 6 of Form M-706.

Marital Deduction for Qualified Terminable Interest Property ("QTIP")

An estate may elect to claim a marital deduction for Qualified Terminable Interest Property or property interests. The QTIP election allowed by IRC § 2056(b)(7) is made by listing the qualified terminable interest property on Schedule M of the July 1999 revision of the federal Form 706 and deducting its value. In addition, the estate must answer the question regarding the QTIP election on page 2, line 7 of Form M-706, Massachusetts Estate Tax Return. The executor or other fiduciary is not required to make the same QTIP election for federal estate tax purposes in order to make the election for Massachusetts purposes. The "Description of property interests passing to surviving spouse" section of Schedule M of the federal Form 706 must clearly indicate the property for which a Massachusetts only QTIP election is made. **The election is irrevocable.** See the instructions for Schedule M, Bequests, etc. to Surviving Spouse that begin on page 27 of the July 1999 revision of the federal Form 706.

Section 2044 of the December 31, 2000 Code includes the value of the property for which a previous section 2056(b)(7) election was made in the gross estate of the surviving spouse. Section 2044 property is reported on Schedule F, Other Miscellaneous Property of the July 1999 revision of the federal Form 706. As a result of different federal and Massachusetts QTIP elections in the

estate of the first-to-die spouse, the value of the QTIP property included in the estate of the second-to-die spouse may be different for federal and Massachusetts estate tax purposes. See the instructions for Schedule F that are on page 20 of the July 1999 revision of the federal Form 706.

For further information regarding section 2056(b)(7) property and section 2044 property, see "Issue 1" of DOR Directive 03-2, Issues Arising from Decoupling the Massachusetts Estate Tax from the Federal Estate Tax.

Massachusetts Estate Tax Lien on Real Estate

The Commonwealth automatically acquires a lien against all Massachusetts real estate included in a decedent's gross estate. Unless the tax is paid in full, the lien is valid for 10 years from the decedent's date of death. For further information, see MGL ch 65C, § 14.

Massachusetts Filing Requirement to Obtain a Release of Lien

When the filing of a Massachusetts Estate Tax Return is required to obtain a release of this lien because the size of the estate equals or exceeds the Massachusetts filing threshold for the year of the decedent's death, an executor must file Form M-706. The filing must be accompanied by a copy of the recorded deed, certificate of title or the probate instrument that created the decedent's interest and a copy of the July 1999 revision of the federal estate tax return, Form 706, with all attachments described in the instructions for that form. If the estate is required to file a current federal Form 706, submit a copy of that return with any required attachments that are not included with the July 1999 version of the federal Form 706. The estate of a nonresident decedent must submit Form M-NRA, Massachusetts Nonresident Decedent Affidavit.

When a sale of real estate or a mortgage commitment is pending, the Estate Tax Unit will expedite the release of the estate tax lien. The estate may request the release of lien on Form M-4422, Application for Certificate Releasing Massachusetts Estate Tax Lien, if (1) the date for filing the estate tax return has not yet passed, and (2) Form M-706 cannot be completed prior to the date of the sale, a copy of the purchase and sale agreement or the mortgage commitment must be submitted with the Form M-4422. If the estate is filing the Form M-706 and a sale of real estate or a mortgage commitment is pending, a copy of the purchase and sale agreement or the mortgage commitment should be submitted at the time of filing the Form M-706. If the estate previously filed Form M-706 and a sale of real estate or a mortgage commitment is pending, a copy of the

purchase and sale agreement or the mortgage commitment should be submitted with a letter explaining that the M-706 was previously filed.

Form M-4422 can now be filed online at mass.gov/MassTaxConnect. This is the quickest and easiest way to obtain the Massachusetts Certificate Release of Estate Lien.

Releasing Lien If There Is No Massachusetts Filing Requirement

If a Massachusetts Estate Tax Return is not required to be filed because the size of the estate does not equal or exceed the Massachusetts filing threshold for the year of the decedent's death, an affidavit of the executor or other fiduciary, subscribed to under the pains and penalties of perjury, recorded in the appropriate registry of deeds accurately stating that the gross estate of the decedent does not necessitate a Massachusetts estate tax filing, shall release the gross estate of the lien imposed by MGL ch 65C, § 14.

For further information, see "Issue 2" of DOR Directive 03-2, Issues Arising from Decoupling the Massachusetts Estate Tax from the Federal Estate Tax.

Report of Federal Estate Tax Changes

Federal estate tax changes must be reported within two months of receipt of a final determination (for example, the federal closing letter, agreed upon federal audit changes, agreed upon IRS Appeals Office changes, Tax Court decision, etc.) of the federal estate tax change(s). An amended Form M-706 should be used to report any change(s). The Form M-706 is an "amended" return when the box on page 1 of the return is checked. For further information regarding what constitutes a federal change, see Technical Information Release 99-14, Expanded Definition of "Federal Change." Attach a copy of the final federal determination and pay any additional Massachusetts estate tax, interest and penalty, if any, due as a result of the change. The change(s) must relate to an entry that was reported on the July 1999 revision of the federal Form 706.

If a refund is indicated as a result of the federal estate tax change and a Massachusetts Estate Tax Closing Letter has been issued, an amended M-706 must be filed within one year of receipt of the final federal determination. The change(s) must relate to an entry that was reported on the July 1999 revision of the federal Form 706.

Line by Line Instructions

Part 1. Tentative Massachusetts Estate Tax

Line 1. Enter the total value of the decedent's federal gross estate from the July 1999 revision of the federal Form 706, page 1, line 1.

Note: The federal gross estate of the decedent entered on line 1 shall include the value of all property or interest therein, real or personal, tangible or intangible, wherever situated, before any additions to or reductions from the gross estate in MGL ch 65C, § 2A.

Line 2. Enter the total value of the Massachusetts QTIP assets other than real and tangible property located outside of Massachusetts, if the QTIP assets were not reported on Schedule F as part of the federal gross estate and included on Part 1, line 1.

Line 3. Add line 1 and line 2 to compute the total Massachusetts gross estate.

Line 4. Adjusted taxable gifts (from page 1, line 4 of U.S. Form 706 with a revised date of July 1999). Copy of the form(s) 709 – Gift tax return(s) is required.

Line 5. Enter the total allowable deductions (from page 1, line 2 of U.S. Form 706 with a revised date of July 1999 or from Part 6, line 11 of the form M-706).

Line 6. Subtract line 5 from line 3 to compute the Massachusetts taxable estate. Enter the result on Line 6 and in Table B Worksheet on page 6, line 1.

Line 7. Compute the credit for state death taxes using the worksheet and Table B on page 6 of the Form M-706. Enter the result on Part 1, line 7 and on Part 4, line 1a, if Part 2 and Part 3 of the form are not applicable.

Table B Worksheet Instructions

Line 1. Enter the value of the Massachusetts taxable estate from Part 1, line 6; Part 2, line 7; or Part 3, line 7, whichever applies.

Line 2. Adjustment to the Massachusetts taxable estate. This line already lists the allowable \$60,000.00 reduction to the taxable estate under the IRC § 2011.

Line 3. Subtract line 2 from line 1.

Line 4. Use the amount from line 3 to compute maximum credit for state death taxes in Table B. Enter the result on the worksheet line 4 and on Part 1, line 7; Part 2, line 8; or Part 3, line 8, whichever applies.

Note: MGL ch 65C, § 2A(f) allows a credit of up to \$99,600 reducing the amount of the Massachusetts estate tax. The credit is computed on Part 4 of Form M-706.

Part 2. Computation of Tax for Estate of Massachusetts Resident Decedent with Tangible Property in Another State

Line 1. Enter the value of the decedent's federal gross estate from Part 1, line 1.

Line 2. Enter the value of real and tangible property located outside of Massachusetts.

Line 3. Subtract line 2 from line 1.

Line 4. Enter the total value of the Massachusetts QTIP assets other than real and tangible property located outside of Massachusetts, if the QTIP assets were not reported on Schedule F as part of the federal gross estate and included in the amount on Part 2, line 1.

Line 5. Add line 3 and line 4 to compute total Massachusetts gross estate.

Line 6. Enter the total allowable federal deductions for Massachusetts estate tax purposes. Do not include expenses directly related to out-of-state real and tangible property.

Line 7. Subtract line 6 from line 5 to compute the Massachusetts taxable estate. Enter the result on line 7 and in Table B Worksheet on page 6, line 1.

Line 8. Compute the credit for state death taxes using the worksheet and Table B on page 6 of the form M-706. Enter the result in Part 2, line 8 and Part 4, line 1a.

Part 3. Computation of Tax for Estate of Nonresident Decedent with Massachusetts Property (Attach Form M-NRA with the return)

Line 1. Enter the value of the decedent's federal gross estate from Part 1, line 1.

Line 2. Enter the value of all property other than Massachusetts real and tangible property.

Line 3. Subtract line 2 from line 1.

Line 4. Enter the total value of the Massachusetts QTIP assets that are real or tangible property, other than real and tangible property located outside of Massachusetts, if the QTIP assets were not reported on Schedule F as part of the federal gross estate included on Part 3, line 1.

Line 5. Add line 3 and line 4 to compute total Massachusetts gross estate.

Line 6. Enter the total allowable federal deductions directly related to Massachusetts property computed on line 5. If the Massachusetts property is being transferred through a marital or charitable bequest, using Schedule M or Schedule O, the

value of the property transferred will be considered part of the allowable federal deduction and reported on this line.

Line 7. Subtract line 6 from line 5 to compute the Massachusetts taxable estate. Enter the result on line 7 and in Table B Worksheet on page 6, line 1.

Line 8. Compute the credit for state death taxes using the worksheet and Table B on page 6 of the form M-706. Enter the result in Part 3, line 8 and Part 4, line 1a.

Part 4. Massachusetts Estate Tax Due

Line 1a. Enter the amount from Part 1, line 7, Part 2, line 8; or Part 3, line 8, whichever applies.

Line 1b. Enter the smaller of Part 4, line 1a or \$99,600.

Line 1. Subtract line 1b from line 1a.

Line 2. Enter the amount of any late file and/or late pay penalties. The penalty for failure to file a tax return by the due date is 1% of the tax due, per month (or fraction thereof) up to a maximum of 25%. The penalty for late payment is 1% of the tax due, per month (or fraction thereof) up to a maximum of 25%.

Line 3. Interest on any unpaid tax accrues from the original due date of the return. See "Interest and Penalties" on page 2.

Line 4. Add lines 1 through 3. This is the total amount due.

Line 5. Payments made with extension. Attach a copy of Form M-4768.

Line 6. Enter the total of all previous payments made, other than payments made with extension that were entered on line 5. Attach copies of prior filings with payment dates and amounts.

Line 7. Add lines 5 and 6. This is the total payments made.

Line 8. If line 4 is smaller than line 7, subtract line 4 from line 7. This is the amount of your refund. If line 4 is larger than line 7, omit line 8 and complete line 9. If lines 4 and 7 are equal, enter 0 in line 8 and omit line 9.

Line 9. If line 4 is larger than line 7, subtract line 7 from line 4. If there is a balance owed the Commonwealth, make the check payable to the Commonwealth of Massachusetts and enter the decedent's full name and Social Security number in the memo portion of the check. Include any interest and penalties owed by the estate with the pay-

ment. If there is a refund owed the estate, it will be refunded to the estate.

Part 5. Total Gross Estate

All schedule references are to the schedules of the U.S. Form 706 with a revision date of July 1999. U.S. Form 706 (rev. 1999) must be completed and submitted with this return whether or not a current federal estate tax return, U.S. Form 706, is required to be filed.

Part 6. Total Allowable Deductions

All schedule references are to the schedules of the U.S. Form 706 with a revision date of July 1999. U.S. Form 706 (rev. 1999) must be completed and submitted with this return whether or not a current federal estate tax return, U.S. Form 706, is required to be filed.

Part 7. Real Estate Subject To Massachusetts Estate Tax Lien

Complete this table for all Massachusetts property in which the decedent had an interest. Note that this table replaces the Form M-792, Certificate Releasing Massachusetts Estate Tax Lien.

Estate Tax Information

For further estate tax information, please call the Estate Tax Unit at (617) 887-6930.

All estate tax forms and instructions are available on the Department's website. In addition, Technical Information Releases and Directives issued by the Department of Revenue are published at the Rulings and Regulations section of the Department's website at mass.gov/dor.