



Form 3F
Income Tax Return of Corporate Trust

1999
Massachusetts
Department of Revenue

Registration	For calendar year 1999 or taxable period beginning		1999 and ending	
	Name of corporation		Federal business code	Federal identification number (FID)
	Principal business address		City or town	State Zip
	Principal business address in Massachusetts		City or town	State Zip
	1. Kind of business:	2. Date of organization:	3. Trust's books in care of:	4. Has the trust elected to be a Federal S corporation? <input type="checkbox"/> Yes <input type="checkbox"/> No
	5. Last year audited by IRS. Adjustments reported to Massachusetts? <input type="checkbox"/> Yes <input type="checkbox"/> No (attach explanation)		6. If the trust is filing a final return or liquidating, check here <input type="checkbox"/> and submit a separate statement explaining details.	
7. If requesting alternative apportionment, check here <input type="checkbox"/> and attach Form AA-1.		8. If the trust was not subject to Massachusetts taxation and if it had earnings and profits accumulated prior to January 1, 1971, enter the amount of accumulated earnings and profits as of January 1, 1971 \$. Attach a schedule giving the dates and amounts of distributions from such earnings and profits since 1971. Enter the total of such 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 1c)			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, 4 and 5			6	
	7	Deductions (from U.S. Form 1120, line 27 or 1120A, line 23)			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 5.95% income (from U.S. Forms 1120 or 1120A, line 10)			12	
	13	Interest and dividend income (from Schedule B, line 26)			13	
	14	Total 5.95% income before allocation. Add lines 10 through 13			14	
	15	Massachusetts apportionment percentage (from Massachusetts Schedule E, line 5)*			15	%
	16	Net taxable 5.95% income. Multiply line 14 by line 15			16	
	17	Tax on 5.95% income (use Tax Table from Form 1. If line 16 is over \$80,000 multiply by .0595)			17	
	18	Taxable 12% capital gains (from Massachusetts Schedule B, line 27)			18	
	19	Massachusetts apportionment percentage (from Massachusetts Schedule E, line 5)*			19	%
	20	Net taxable 12% capital gains. Multiply line 18 by line 19			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 21; not less than "0")			22	
	23	Total tax. Add lines 17, 21 and 22			23	
	24	Lead Paint Credit (attach Massachusetts Schedule LP)			24	
	25	Economic Opportunity Area Credit (attach Massachusetts Schedule EOA)			25	
	26	Full Employment Credit (attach Massachusetts Schedule FEC)			26	
	27	Brownfields Credit (attach Massachusetts Schedule BC)			27	
	28	Tax after credits. Subtract the total of lines 24, 25, 26 and 27 from line 23. Not less than "0"			28	
	29	1998 overpayment applied to your 1999 estimated tax			29	
	30	1999 Massachusetts estimated tax payments (do not include amount in line 29)			30	
	31	Payments made with extension			31	
	32	Capital gains tax credit from previous years (see instructions; attach Schedule CGT)			32	
	33	Amount overpaid. Subtract line 28 from the total of lines 29, 30, 31 and 32			33	
	34	Amount overpaid to be credited to your 2000 estimated tax			34	
	35	Amount of your refund. Subtract line 34 from line 33			35	
	36	Amount of tax due. Subtract the total of lines 29, 30, 31 and 32 from line 28			36	
	37	Include in the total in line 36, if applicable: Interest \$; Penalty \$; M-2210 Penalty \$				

*If income was derived solely from business carried on in Massachusetts, enter 100% in lines 15, 19 and Schedule D, line 18.

Make remittance payable to: Commonwealth of Massachusetts.

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	Mail to: Mass. Dept. of Revenue, PO Box 7018 (7025, if S corp.), Boston, MA 02204.
Individual or firm signature of preparer	Date	PTIN or SSN	Address	

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, 2 and 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> 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 10–25. Enter this amount in line 26 and on Form 3F, line 13 and omit lines 27 and 28. Otherwise complete Schedule B.			
10	Short-term capital gains (included in U.S. Form 1120, Schedule D, Part I, lines 1, 2 and 3)	10		
11	Long-term capital gains on collectibles and pre-1996 installment sales (from Massachusetts Schedule D, line 8)	11		
12	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)	12		
13	<i>Add lines 9, 10, 11 and 12</i>	13		
14	Allowable deductions from your trade or business (from Massachusetts Schedule C-2, line 10)	14		
15	Subtotal. <i>Subtract line 14 from line 13</i>	15		
16	Short-term capital (losses) (included in U.S. Form 1120, Schedule D, Part I, lines 1, 2 and 3)	16	()
17	(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)	17	()
18	Prior short-term unused (losses) for years beginning after 1981 (from 1998 Massachusetts Schedule B, line 22)	18	()
19	<i>Combine lines 15, 16, 17 and 18.</i> If the total is a (loss), and any amount in Schedule D, line 13, columns A, B, C or D is a positive amount, go to line 20. If the total is a (loss) and all the amounts in Schedule D, line 13, columns A, B, C or D are "0" or less, omit lines 20-25, enter "0" on lines 26 and 27 and enter the amount from line 19 on line 28. If a positive amount, omit line 20 and go to line 21			
20	Short-term capital (losses) applied against long-term capital gains (see instructions)	20		
21	Subtotal. <i>Combine line 19 and line 20.</i> If the total is a (loss), omit lines 22–25, enter "0" on lines 26 and 27, and enter the amount from line 21 on line 28. If line 21 is a positive amount and any amount in Schedule D, line 11, columns A, B, C or D is a (loss), go to line 22. If line 21 is a positive amount and any amount in Schedule D, line 11, columns A, B, C or D is "0" or greater, omit line 22 and enter the amount from line 21 in line 23			
22	Long-term capital (losses) applied against short-term capital gains (see instructions)	22		
23	Subtotal. <i>Subtract line 22 from line 21.</i> Enter result here. If line 23 is "0," omit lines 24–25, and enter "0" in lines 26, 27 and 28			
24	Long-term net collectible gain deduction. If there is no entry in line 11, enter "0." If line 11 shows a gain, enter 50% of line 11 less 50% of (losses) in lines 16, 17, 18 and 22, but not less than "0"			
25	Adjusted gross interest, dividends and certain capital gains. <i>Subtract line 24 from line 23.</i> Not less than "0"	25		
26	Taxable interest and dividends. If line 25 is greater than or equal to line 9, enter the amount from line 9 here and on Form 3F, line 13. If line 25 is less than line 9, enter the amount from line 25 here and on Form 3F, line 13			
27	Taxable 12% capital gains. <i>Subtract line 26 from line 25.</i> Not less than "0." Enter result here, and on Form 3F, line 18			
28	Available short-term (losses) for carryover in 2000. Enter amount from line 21 only if it is a (loss). If line 21 is not completed, enter the amount from line 19, only if it is a (loss)			

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

Attach copy of U.S. Schedule D.

For lines 1, 2, 3, 5, 6 and 8, enter in the appropriate column amounts from the sale, exchange or involuntary conversion of Massachusetts capital assets:

	A. Held more than 1 year but not more than 2 years	B. Held more than 2 years but not more than 3 years	C. Held more than 3 years but not more than 4 years	D. Held more than 4 years
1 Enter net gains or (losses) from U.S. Form 1120, Schedule D, Part II, line 10. 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 11 8				
9 Subtotal. <i>Subtract line 8 from line 7.</i> 9				
10 Long-term capital (losses) applied against long-term capital gains (see instructions). 10				
11 Subtotal. <i>Combine line 9 and line 10.</i> 11				
12 Long-term capital (losses) applied against short-term capital gains (see instructions). 12				
13 Subtotal. <i>Combine line 11 and line 12</i> 13				
14 Short-term capital (losses) applied against long-term capital gains (see instructions). 14				
15 Subtotal. <i>Subtract line 14 from line 13.</i> 15				
16 Allowable deductions from your trade or business (from Mass. Schedule C-2; see instructions) 16				
17 Subtotal. <i>Subtract line 16 from line 15.</i> 17				
18 Massachusetts apportionment percentage (from Massachusetts Schedule E, line 5)* 18	%	%	%	%
19 Adjusted long-term capital gains/losses. <i>Multiply line 17 by line 18.</i> 19				
Multiply line 19, col. A by .05; enter result below; Multiply line 19, col. B by .04; enter result below; Multiply line 19, col. C by .03; enter result below; Multiply line 19, col. D by .02; enter result below				
20 <i>Multiply line 19 by the applicable tax rate.</i> 20				
21 Tax on long-term capital gains. <i>Add line 20A, line 20B, line 20C and line 20D.</i> Not less than "0." Enter result here and on Form 3F, line 22 21				
22 Available (losses) for carryover in 2000. Enter in line 22, column A the amount from line 13, column A, only if it is a (loss). Enter in line 22, column B the amount from line 13, column B, only if it is a (loss). Enter in line 22, column C the amount from line 13, column C, only if it is a (loss). Enter in line 22, column D the amount from line 13, column D, only if it is a (loss) 22	Column A carryover amount	Column B carryover amount	Column C carryover amount	Column D carryover amount
	()	()	()	()

*If income was derived solely from business carried on in Massachusetts, enter 100% in line 18.

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. Add lines 1a and 1b for each column 1c	\$	\$	
d Tangible property apportionment percentage. Divide Column A total by Column B total 1d			%

2 Payroll

a Total 2a	\$	\$	
b Payroll apportionment percentage. Divide Column A total by Column B total. 2b			%

3 Sales

a Tangibles. 3a	\$	\$	
b Services 3b	\$	\$	
c Rents and royalties 3c	\$	\$	
d Other. 3d	\$	\$	
e Totals. Add lines 3a through 3d for each column 3e	\$	\$	
f Sales apportionment percentage. Divide Column A total by Column B total $\times 2 =$ 3f			%
4 Apportionment percentage. Add lines 1d, 2b and 3f of Column C. 4			%
5 Mass. apportionment percentage. Divide line 4 by four ($\div 4$). See instructions. (Enter here & in lines 15, 19 & Sched. D, line 18) 5			%

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 7 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 355A/B instruction booklet.

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.

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.

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.

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.

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.

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.

When must Form 3F be filed? A Form 3F must be filed on or before April 18, 2000, 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 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 within 2½ months of the close of the corporation's fiscal year. The annual report form may be obtained by calling (617) 727-9440. The fee is \$85. 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 Internal Revenue Code (IRC).
- Real estate investment trusts under sec. 856 of the IRC.
- Holding companies, i.e. any corporate trust in which 90% of the book value of its assets at the end of the taxable year are securities, and at least 75% of such securities are issued by affiliates, and at least 90% of its Massachusetts gross income is derived from dividends, interest and gains from the sale or other disposition of securities. The word "affiliate" means a member of an affiliated group as defined under sec. 1504 of the IRC. The word "securities" means transferable shares of beneficial interest in any corporation or other entity, bonds or debentures or any issuer of notes and other evidences of indebtedness of affiliates.
- Entities which derive less than 10% of their income within Massachusetts. Such entities must file a completed Form 3F, including Schedule E or other apportionment method to substantiate their exempt status.
- 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 or 1120A 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 or 1120A, 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 6. If the trust is filing a final return or liquidating, check the box in question 6 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 8. 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.

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 or 1120A 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 13.)

Line 13 and Massachusetts Schedule B, Interest and Dividends.

Interest on any variable interest rate note and fixed interest rate note is taxed at 5.95%. 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 5.95%. 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 18 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 32. Recent legislation made changes to the calculation of tax on capital gains and interest and dividends. These changes are retroactive to 1996. If any of the changes reduce the amount of tax for 1996, 1997 or 1998, you may recalculate your tax for those prior years. The difference in the amount of tax previously paid and the amount of tax calculated under the new legislation may be claimed in several ways. You may apply for a refund of the difference or it may be claimed as a credit on the succeeding years tax form. If you elect the option to claim a credit on the succeeding years tax form, enter in line 32 the amount of the credit as calculated on Schedule CGT, Capital Gains Tax Recalculation.

If you had capital gains and (losses) in 1996, 1997 and/or 1998 and wish to recalculate your tax based on these new provisions, you can obtain Schedule CGT, Capital Gains Tax Recalculation and Instructions, by visiting DOR's website at www.state.ma.us/dor. This information is also available by calling DOR at (617) 887-MDOR or toll-free in Massachusetts at 1-800-392-6089, and pressing option 2 for tax forms.

For a detailed explanation of the new law, see TIR 99-17.

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 14. Enter the amount from Massachusetts Schedule C-2, line 10 if you qualify for an excess trade or business deduction. Generally, taxpayers may not use excess 5.95% deductions to offset other income. Massachusetts law allows such offsets if the following requirements are met: the excess 5.95% 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.

Schedule B, Line 20 and Schedule D, Line 14. If Schedule B, line 19 is a (loss) and any amount in Schedule D, line 13, columns A, B, C or D is a positive amount, you must complete a pro forma version of the Short-Term Capital (Losses) Applied Against Long-Term Capital Gains Worksheet found on page 32 in the Form 1 instruction booklet. When completing the worksheet, substitute Schedule B, line 19 (Form 3F) for Schedule B, line 17 (Form 1); Schedule D, line 13 (Form 3F) for Schedule D, line 16 (Form 1); Schedule D, line 14 (Form 3F) for Schedule D, line 17 (Form 1); and Schedule B, line 20 (Form 3F) for Schedule B, line 18 (Form 1).

Schedule B, Line 22 and Schedule D, Line 12. If Schedule B, line 21 is a positive amount and any amount in Schedule D, line 11, columns A, B, C or D is a (loss), you must complete a pro forma version of the Long-Term Capital (Losses) Applied Against Short-Term Capital Gains Worksheet found on page 32 in the Form 1 instruction booklet. When completing the worksheet, substitute Schedule B, line 21 (Form 3F) for Schedule B, line 19 (Form 1); Schedule D, line 11 (Form 3F) for Schedule D, line 14 (Form 1); Schedule D, line 12 (Form 3F) for Schedule D, line 15 (Form 1); and Schedule B, line 22 (Form 3F) for Schedule B, line 20 (Form 1).

Schedule D, Line 3. If you recalculated your capital gains and (losses) and now have a carryover (loss) from a prior year, enter in line 3 the amount of carryover (losses) from prior years from your recalculated 1998 Schedule D.

If you had capital gains and losses in 1996, 1997 and/or 1998 and wish to recalculate your tax based on these new provisions, you can obtain Schedule CGT, Capital Gains Tax Recalculation and Instructions by visiting DOR's website at www.state.ma.us/dor. This information is also available by calling DOR at (617) 887-MDOR or toll-free in Massachusetts at 1-800-392-6089, and pressing option 2 for tax forms.

If you did not recalculate your capital gains and (losses) from prior years, multiply any amount from your 1998 Mass. Schedule D, line 16 by 20 and enter the result in line 3, column A.

For a detailed explanation of the new law, see TIR 99-17.

Schedule D, Line 10. If any amount in Schedule D, line 9 columns A, B, C or D is a positive amount and any amount in Schedule D, line 9, columns A, B, C or D is a (loss), you must complete a pro forma version of the Long-Term Capital (Losses) Applied Against Long-Term Capital Gains Worksheet found on pages 36-38 in the Form 1 instruction booklet. When completing the worksheet, substitute Schedule D, line 9 (Form 3F) for Schedule D, line 12 (Form 1) and Schedule D, line 10 (Form 3F) for Schedule D, line 13 (Form 1).

Schedule D, Line 16. Enter in line 16, column A the amount from Schedule C-2, line 14. Enter in line 16, column B the amount from Schedule C-2, line 16. Enter in line 16, column C the amount from Schedule C-2, line 18. Enter in line 16, column D the amount from Schedule C-2, line 20.

Where to file. Mail Form 3F and all accompanying schedules to:

**Massachusetts Department of Revenue
PO Box 7018
Boston, MA 02204**