



# ANNUAL REPORT FY2017



**Massachusetts  
Department of  
Revenue**

# LETTER FROM THE COMMISSIONER



**To the Honorable Charlie Baker, Governor of the Commonwealth, and the Honorable Members of the General Court of Massachusetts:**

I am pleased to present the Massachusetts Department of Revenue's (DOR) fiscal 2017 Annual Report. FY2017 revenues totaled \$25.604<sup>1</sup> billion, 1.3% more than the previous fiscal year, largely due to increases in withholding and sales and use tax revenue.

System upgrades across the agency were in the forefront once again this year. Work continued on the development of a new child support computer system and another major launch of MassTaxConnect was successfully completed.

## **MassTaxConnect**

After opening up the new system to business taxpayers last year, MassTaxConnect was launched on December 5, 2016 for individual income taxes and six additional tax types, including fiduciary income, motor vehicle sales and use, non-stamped cigarette excise, nonresident composite, partnership income, and personal use.

MassTaxConnect can be used for all taxpayer compliance activities, except filing personal income tax returns. To increase options for filing income tax returns electronically for free, Massachusetts joined the Free File Alliance. It is estimated that 70% of the state's taxpayers qualify to file electronically for free through the Free File Alliance program.

"Where's My Refund?" is an online application through MassTaxConnect that allows taxpayers to track their tax refund. The application was included in the latest launch of the new online tax system.

## **Reduction in Paper Forms**

With more taxpayers filing electronically, the Department implemented a program to reduce printing and mailing costs by printing fewer tax form booklets and strategically shipping them according to need to the Massachusetts public library system. Additionally, MassTaxConnect introduced a paperless option allowing taxpayers to choose to receive notices and other information electronically.

## **Tax Form Redesign**

DOR has identified a number of tax forms to be redesigned. We believe the changes will significantly improve the accuracy of scanned data, and reduce the amount of manual labor required to obtain precise information. Redesigned income tax forms are expected to be available for the 2017 filing season.

## Operational Improvements

In addition to reformatting tax forms, DOR is looking for operational enhancements of the end-to-end processing of tax returns and payments. We plan to build a dynamic model for identifying bottlenecks, testing the benefits of new resources, and continually providing insight and transparency into the complex process flow of operations.

DOR's Child Support Enforcement Division collected \$667.5 million dollars in FY2017, down .1% from the previous fiscal year. DOR collects \$6.03 for every dollar spent on the child support program. In the latest federal Office of Child Support Enforcement report, Massachusetts ranked 9th nationally in the percentage of current child support collected on cases for which DOR is providing services.

In FY2017, the Division of Local Services certified free cash for 346 communities for a total of \$1,647,026,584; certified new tax levy growth totaling \$316,797,816; distributed \$6.2 billion in net local aid to cities, towns, and regional and charter schools; and conducted 24 Community Compact Cabinet reviews.

As DOR continues to concentrate on serving taxpayers, families, and cities and towns, streamlining the processing of tax returns to improve customer service and increase efficiencies will be a major focus.

Sincerely,

A handwritten signature in black ink, appearing to read 'Ch Harding', with a stylized flourish at the end.

Christopher C. Harding,  
Commissioner

1. Excluding tax-related settlement and judgment payments jointly certified by DOR and the Office of the Attorney General.



## Personal Income Tax

### Amendments to the Massachusetts Earned Income Tax Credit

An Act Relative to the Earned Income Tax Credit, St. 2017, c. 47, § 32 amended G.L. c. 62, § 6(h). The refundable earned income credit is available to certain low-income individuals who have earned income and meet certain federal requirements for the federal earned income credit. Taxpayers must qualify for and claim the federal earned income credit allowed under I.R.C. § 32 as amended and in effect for the taxable year. Taxpayers may claim the credit even if they do not have a filing requirement. To receive the credit, taxpayers must file tax returns and claim the credit. Under the Act, the Massachusetts refundable credit remains 23% of the computed federal credit.

The Act provides that with respect to a person who is a non-resident for part of the taxable year, the credit shall be limited to 23 percent of the federal credit multiplied by a fraction, the numerator of which is the number of days in the taxable year the person resided in the commonwealth and the denominator of which is the number of days in the taxable year. A person who is a non-resident for the entire year is no longer eligible for the credit.

Additionally, under the Act certain individuals not eligible for the federal earned income tax credit are now eligible for the Massachusetts earned income tax credit. Under I.R.C. § 32(d), an individual who is married can qualify for the federal earned income tax credit only if the individual files a joint return. The Act amends G.L. c. 62, § 6(h) to treat a married taxpayer as having satisfied the federal joint filing requirement if the taxpayer files a Massachusetts personal income tax return using a filing status of married filing separately and the taxpayer: (i) is living apart from the taxpayer's spouse at the time the taxpayer files the tax return; (ii) is unable to file a joint return because the taxpayer is a victim of domestic abuse; and (iii) indicates on the taxpayer's income tax return that the taxpayer meets the criteria of clauses (i) and (ii). A taxpayer that is eligible for this filing exception should keep records that demonstrate they meet the criteria. The amendments are effective for tax years beginning on or after January 1, 2017. See TIR 17-10.

### New Angel Investor Credit

In an Act Relative to Job Creation and Workforce Development, enacted on August 10, 2016, G.L. c.

62, § 6 was amended by adding new subsection (t), which provides a credit against personal income tax equal to 20% of the amount of qualifying investments made by a taxpayer investor in a qualifying business generally, and 30% of the amount of qualifying investments made by a taxpayer investor in a qualifying business located in a "Gateway municipality," as defined in G.L. c. 23A, § 3A. St. 2016, § 72; TIR 16-15.

The Act defines "taxpayer investor" as an accredited investor (as defined by the United States Securities and Exchange Commission under 15 U.S.C. § 77(b)(15)(ii)) who is not the principal owner of the qualifying business and who is involved in the qualifying business as a full-time professional activity.

For purposes of the credit, a taxpayer investor may invest up to \$125,000 per qualifying business (as defined by statute and explained in TIR 16-15) per year up to a maximum of \$250,000. A taxpayer investor's total credits may not exceed \$50,000 in a single calendar year. The credit may be taken in either the tax year of the initial investment or it can be carried forward to any of the three subsequent taxable years, as long as the qualifying business maintains its principal place of business in Massachusetts. If the qualifying business does not maintain its principal place of business in Massachusetts for this three year period, the taxpayer investor must repay the total amount of credits claimed.

The Act delegated administration of the credit to the Massachusetts Life Sciences Center, in consultation with the Executive Office of Housing and Economic Development and DOR. Angel investor credits awarded by the Life Sciences Center are included in the annual cap of \$25,000,000 applicable to other life sciences credits. The credit may be allowed for tax years beginning on or after January 1, 2017. No credit may be claimed prior to an award by the Life Sciences Center.

### New Prepaid Tuition or College Savings Program Deduction

In an Act Relative to Job Creation and Workforce Development, enacted on August 10, 2016, G.L. c. 62, § 3.B(a) was amended by inserting new paragraph (19), which provides a new deduction against Part B income in an amount equal to 1) purchases of or 2) contributions made in a taxable year to an account in a pre-paid tuition program or a college savings program established by the Commonwealth or an instrumentality or authority of the Commonwealth. St. 2016, § 66. The deduction is capped at \$1,000 for a single person or head of household and

\$2,000 for a married couple filing a joint return. The deduction is subject to recapture in the taxable year or years in which distributions or refunds are made from the tuition or college savings account for any reason other than (i) to pay qualified higher education expenses, as defined by Internal Revenue Code (IRC) § 529(e)(3); or (ii) the beneficiary's death, disability or receipt of a scholarship.

For purposes of this deduction, a purchaser or contributor is the person shown as such on the records of the tuition or college savings program as of December 31 of the taxable year. If ownership of the tuition or college savings plan is transferred, any carryover or recapture limitations apply to the transferee. The deduction applies to tax years beginning on or after January 1, 2017 through the tax year beginning on January 1, 2021. See TIR 16-15.

### **Changes to the Tuition Payment Deduction**

In an Act Relative to Job Creation and Workforce Development, enacted on August 10, 2016, the deduction allowed under G.L. c. 62, § 3.B(a)(11) for tuition payments made by a taxpayer to a two or four-year college in which the taxpayer or the taxpayer's dependent is enrolled, subject to the limitations as defined in that section, was amended. The Act provided that non-residents and part year residents are ineligible for the deduction, effective for tax years beginning on or after January 1, 2017. See TIR 16-15.

## **Personal Income Tax and Corporate Excise**

### **Changes to the Community Investment Tax Credit**

In an Act Relative to Job Creation and Workforce Development, enacted on August 10, 2016, changes were made to the Community Investment Tax Credit under G.L. c. 62, § 6M and G.L. c. 63, § 38EE. A community investment tax credit is allowed to a taxpayer subject to the personal income tax under G.L. c. 62 or the corporation excise under G.L. c. 63 that makes qualified investments (certain cash contributions) on or after January 1, 2014 to a "community partner" (i.e., a community development corporation or a community support organization) to support the implementation of its community investment plan, or to a community partnership fund.

The Act changed the definition of an "economic target area" as that phrase is referenced in G.L. c. 62, § 6M(b) and G.L. c. 63, § 38EE(b) for purposes

of determining what constitutes a "low and moderate income community." Effective for tax years beginning January 1, 2017, an "economic target area," formerly defined by reference to G.L. c. 23A, § 3A, is now defined by reference to G.L. c. 23A, § 3G as amended and in effect for tax years beginning on or after January 1, 2017. See TIR 16-15.

The Act also changed the standard for determining whether a recipient of a prior credit allocation is eligible for a subsequent community investment tax credit allocation under G.L. c. 62, § 6M(c)(4) and G.L. c. 63, § 38EE(c)(4). Effective August 10, 2016, a community partner is eligible to receive a subsequent community investment tax credit allocation if the Department of Housing and Community Development determines that the community partner has made satisfactory progress towards utilizing any prior allocation it has received. Prior to this change, a community partner was required to have utilized at least 95% of its prior allocation to be eligible for a subsequent allocation.

### **Changes to the Low-Income Housing Credit**

Under G.L. c. 62, § 6I and G.L. c. 63, § 31H, a low-income housing tax credit authorized by the Department of Housing and Community Development ("DHCD") is available to an eligible taxpayer, subject to the personal income tax under G.L. c. 62 or the corporation excise under G.L. c. 63, that invests in affordable rental housing developments ("Qualified Massachusetts Project"). See TIR 10-15. The credit may be claimed in the year that the Qualified Massachusetts Project is placed in service and for each of the four subsequent taxable years.

In an Act Relative to Job Creation and Workforce Development, enacted on August 10, 2016, changes were made to the Low-Income Housing Credit. Pursuant to the Act, individuals and corporations may also be eligible for a low-income housing tax credit if they donate real or personal property to certain non-profit entities for use in purchasing, constructing or rehabilitating a Qualified Massachusetts Project (a "Qualified Donation"). St. 2016, c. 219, §§ 73-77; 80-84; 88-91.

In the case of a Qualified Donation, the credit is generally limited to 50% of the amount of the donation, but it may be increased to 65% by DHCD if DHCD deems the increase to be necessary to the project's viability, and determines that there is sufficient state low-income housing tax credits available to permit such an increase. The credit for a Qualified Donation must be claimed in the year that the

Qualifying Donation is made, and is not refundable. Any credit amounts attributable to a Qualified Massachusetts Project or a Qualified Donation that exceed the tax due may be carried forward for five years. Low-income housing tax credits authorized by DHCD are subject to an annual cap of \$20,000,000 until January 1, 2020, and \$10,000,000 thereafter. Only one-fifth of any low-income housing tax credits awarded for Qualified Donations will count towards DHCD's annual cap on low-income housing tax credits. The credit for Qualified Donations is allowed for taxable years beginning on or after January 1, 2017. See TIR 16-15.

### **Changes to the Historic Rehabilitation Credit**

In an Act Relative to Job Creation and Workforce Development, enacted on August 10, 2016, changes were made to G.L. c. 62, § 6J and G.L. c. 63, § 38R, making the Historic Rehabilitation Tax Credit ("HRTC") available to taxpayers subject to the personal income tax under G.L. c. 62 or the corporation excise under G.L. c. 63 if they incur qualified rehabilitation expenditures in connection with the certified rehabilitation of a qualified historic structure. St. 2016, c. 219, § 87. See TIR 16-15.

Effective on August 10, 2016, the Act also amended G.L. c. 63, § 38R to allow the Massachusetts Historical Commission ("MHC"), subject to certain criteria, to transfer HRTC awards to taxpayers subject to the corporation excise imposed by G.L. c. 63 if they acquire a qualified historic structure. Additionally, in the case of a multi-phased project, the Act provided that the MHC may transfer HRTC awards for any phase that meets the criteria.

These amendments to the corporate HRTC statute are identical to amendments made to the personal income HRTC provisions, G.L. c. 62, § 6J, pursuant to St. 2014, c. 287; See *also* TIR 10-14.

### **Changes to the Certified Housing Development Credit**

Under G.L. c. 62, § 6(q) and G.L. c. 63, § 38BB, a tax credit is available to an eligible taxpayer subject to the personal income tax under G.L. c. 62 or the corporation excise under G.L. c. 63 for certain qualified housing development project expenditures with respect to a certified housing development. In an Act Relative to Job Creation and Workforce Development, enacted on August 10, 2016, changes were made to both the potential amount of the credit and the types of costs eligible for the credit. Pursuant to the Act, the credit is available for 25% of

"qualified project expenditures." St. 2016, c. 219, §§ 68-70; 88-90. Formerly, the credit was available for 10% of "qualified substantial rehabilitation expenditures." Additionally, the Act changed the carry forward period for which the credit can be used from 5 to 10 years. These changes to the credit are effective for tax years beginning on or after January 1, 2017. See TIR 16-15.

### **Changes to the Economic Development Incentive Program Provisions**

General Laws chapter 62, section 6(g) and chapter 63, section 38N authorize a credit against the tax imposed by those chapters to taxpayers that participate in a certified project as defined in G.L. c. 23A, §§ 3A and 3F. The credit, referred to as the economic development incentive program credit ("EDIPC"), is a key component of the Economic Development Incentive Program ("EDIP") under G.L. c. 23A and is available to a taxpayer only to the extent awarded by the Economic Assistance Coordinating Council ("EACC") as defined in G.L. c. 23A. EDIP credits authorized by the EACC are subject to an annual cap of \$30,000,000.

An Act Relative to Job Creation and Workforce Development, enacted on August 10, 2016, made significant changes to the EDIPC provisions in G.L. c. 62, § 6(g) and G.L. c. 63, § 38N. The changes are effective for projects certified in tax years beginning on or after January 1, 2017.

Under the previous version of the EDIPC, the credit awarded was based on a percentage of the cost of any property that qualified for the credit allowed by G.L. c. 63, § 31A. Pursuant to the Act, the credit is no longer tied to the cost of property that would qualify for the investment tax credit allowed under G.L. c. 63, § 31A. Instead, the amount of credit allowed in each case is determined by the EACC based on numerous factors set forth in G.L. c. 23A § 3D. The previous version of the EDIPC imposed limitations on the maximum amount of credit that the EACC could award to particular types of certified projects, e.g., a certified manufacturing retention project could have received a credit up to 40% of the cost of property that qualified for the ITC. The Act eliminates those limitations from the EDIPC.

Under the Act, the EACC may designate the EDIPC as refundable for any certified project, subject to a limitation that the EACC may not award more than \$5 million in refundable credits per year. In addition, the EACC is now authorized to specify the timing of the refund. Under the previous EDIPC, the EACC

could award a refundable credit only to a manufacturing retention project or a certified job creation project.

The Act also amends the rules with respect to recapture of the credit. Under the Act, recapture is required only if the EACC revokes the certification of a project. The amount of credit subject to recapture will be proportionate to the corporation's compliance with the job creation requirements applicable to a certified project. The corporation's proportion of compliance will be determined by the EACC as part of the revocation process and must be reported to the corporation and the Department of Revenue ("DOR") at the time of revocation. The credit is no longer subject to the recapture provision of G.L. c. 63, § 31A(e) which, under the previous version of the EDIPC, would be triggered if property that qualified for the credit was disposed of or ceased to be in qualified use within the meaning of G.L. c. 63, § 31A, or if such property ceased to be used exclusively in a certified project before the end of its useful life.

Under the Act, if a certified project is sold or otherwise disposed of, the EDIPC allowed may be transferred to the purchaser of the certified project, provided that the EDIP contract is assigned to and assumed by the purchaser and approved by the EACC. Under the previous version of the EDIPC, the sale or other disposition of a certified project may have triggered the recapture provisions of G.L. c. 63, § 31A(e).

Section 128 of the Act provides that any taxpayer participating in a certified project that intends to claim the Economic Opportunity Area Credit or EDIPC on returns for tax years beginning on or after January 1, 2016 must enter into an EDIP contract with the EACC. There was no such requirement under the previous version of the EDIPC. Any taxpayer participating in a certified project that fails to enter into an EDIP contract in form and substance acceptable to the Massachusetts Office of Business Development on or before December 31, 2016 shall forfeit such credits. See TIR 16-15.

## Administrative

### Changes to Massachusetts Partnership and C Corporation Tax Return Filing Due Dates to Conform with Federal Due Dates

The "Surface Transportation and Veterans Healthcare Choice Improvement Act of 2015," Public Law

114-41, shifted the due date for federal C corporation tax returns from the 15th day of the third month after the close of a corporation's tax year (March 15th in the case of corporations filing on a calendar year basis) to the 15th day of the fourth month after the close of a corporation's tax year (April 15th in the case of corporations filing on a calendar year basis). The legislation also shifted the due date for federal partnership tax returns from the 15th day of the fourth month after the close of a partnership's tax year (April 15th in the case of partnerships filing on a calendar year basis) to the 15th day of the third month after the close of a partnership's tax year (March 15th in the case of partnerships filing on a calendar year basis). The due date for federal S corporation tax returns did not change. This federal legislation was effective for tax years beginning after December 31, 2015.

In response to the enactment of the federal legislation described above, on March 28, 2017, the Massachusetts Legislature approved an Act Making Appropriations for the Fiscal Year 2017 to Provide for Supplementing Certain Existing Appropriations and for Certain Other Activities and Projects" (the "Act"), relating to tax return due dates. The Act amended G.L. c. 62C, §§ 7, 11, and 12 to conform the filing due dates for Massachusetts partnership and C corporation tax returns to the federal filing due dates for such tax returns, beginning with tax returns due on or after January 1, 2018, without regard to extensions.

C corporations whose tax return filing due dates have been changed by the Act include business corporations subject to the corporate excise under G.L. c. 63, § 39, financial institutions subject to tax under G.L. c. 63, § 2, life insurance companies subject to tax under G.L. c. 63, §§ 20 and 21, insurance companies subject to tax under G.L. c. 63, §§ 22, 22A, or 23, capital stock corporations required to file a tax return under G.L. c. 62C, § 12(h), corporations required to file a tax return under G.L. c. 63, § 67, and urban redevelopment corporations subject to tax under G.L. c. 121A, § 10.

See TIR 17-3 for guidance as to the filing due dates for tax returns due on or before December 31, 2017. See TIR 17-5 which explains the provisions and provides guidance with respect to tax return filing due dates for tax returns due on or after January 1, 2018. The due dates for estimated payments for both partnerships and C corporations remain as prescribed in G.L. c. 62B, § 14 and G.L. c. 63B, § 3.



# The Taxes FY 2017

TYPE OF TAX	MEASURE	RATE <sup>1</sup>	RETURN DUE
<b>Personal income and fiduciary income</b>	Net capital gains <sup>2</sup>	5.1–12%	On or before April 15 for calendar year filings.
	Dividends, interest, wages, other income	5.1%	The 15th day of the 4th month for fiscal year filings.
<b>Nonresident</b>	Massachusetts source income	5.1%	
<b>Estimated tax</b>	Liability in excess of \$400		Due quarterly on or before the 15th day of April; June, September and January.
<b>Withholding</b>	Wages	5.1%	Varies depending on amount of tax withheld in calendar year. If annual withholding: up to \$100 — annual filing; \$101–1,200 — quarterly filings; \$1,201–25,000 — monthly filings; over \$25,000 — quarterly filings, weekly payments.
<b>Estate</b>	Federal taxable estate	0.8%–16% <sup>3</sup>	Within 9 months after date of decedent's death.
<b>Nonresident</b>	Massachusetts real and tangible property <sup>3</sup>		Within 9 months after date of decedent's death.
<b>Alcoholic beverages</b>	Malt (31-gal. bbl.)	\$3.30	Monthly, on or before the 20th day of the month.
	Cider 3%–6% (wine gal.)	\$ .03	
	Still wine 3%–6% (wine gal.)	\$ .55	
	Sparkling wine (wine gal.)	\$ .70	
	Alcoholic beverages 15% or less (wine gal.)	\$1.10	
	Alcoholic beverages more than 15%–50% (wine gal.)	\$4.05	
	Alcoholic beverages more than 50% or alcohol (proof gal.)	\$4.05	
<b>Cigarettes</b>	20-count package	\$3.51	Monthly, on or before the 20th day of the month. Unclassified acquirers must file upon importation or acquisition.
	Smokeless tobacco (percentage of price paid by licensee)	210%	same as cigarettes
	Cigars and smoking tobacco (percentage of price paid by licensee)	40%	Quarterly, on or before the 20th day following the close of the tax period.
<b>Deeds</b>	Sales price (less mortgage assumed) of real estate	\$2.28 <sup>4</sup> per \$500	Monthly, on or before the 10th day of the month (filed by Registers of Deeds).
<b>Motor fuels</b>	Gasoline and diesel fuel per gallon	\$ .24	Monthly, on or before the 20th day of the month.
	Propane, liquified gas, etc. (no minimum)	19.1%	
	Aviation (10¢ minimum)	7.5%	
	Jet fuel at local option (5¢ minimum)	5%	
<b>Room occupancy</b>	Transient room occupancy	5.7%	Monthly, on or before the 20th day following the close of the tax period.
	At local option, up to	6.0% <sup>5</sup>	
	Convention Center Financing Fee	2.75%	
	(Boston, Cambridge, Springfield, Worcester, Chicopee and West Springfield)		
<b>Club alcoholic beverages</b>	Gross receipts	0.57%	On or before April 15.
<b>Sales and use tax</b>	Sale, rental or use of tangible personal property, including cigarettes, telecommunication services and certain fuel.	6.25%	On or before the 20th day following the close of the tax period. If annual liability: up to \$100 — annual filing; \$101–1,200 — quarterly filings; over \$1,200 — monthly filings

<sup>1</sup> Tax rates as of August 1, 2016.

<sup>2</sup> Gains from the sale or exchange of capital assets (except collectibles) held for more than one year are taxed at 5.25%. Short-term capital gains, as well as long-term capital gains arising from the sale of collectibles (with a 50% deduction) are taxed at 12%.

<sup>3</sup> Resident rate is equal to federal credit for state death taxes based on December 31, 2000 IRC. Nonresident rate is equal to Massachusetts proportionate share of federal credit for state death taxes.

<sup>4</sup> In Barnstable County, the rate is \$6.12 (combined state and county deeds excise) per \$1,000.

<sup>5</sup> Boston is authorized to charge up to 6.5%



TYPE OF TAX	MEASURE	RATE	RETURN DUE
<b>Sales tax on meals, prepared food and all beverages</b>	All “restaurant” food and on-premises consumption of any beverages in any amount. At local option	6.25% .75%	Monthly, on or before the 20th day following the close of the tax period.
<b>Direct broadcast satellite service</b>	Gross revenues	5%	Monthly, on or before the 20th day of each calendar month.
<b>Business and manufacturing corporations</b>	Net income Tangible property or net worth Minimum	8.0% <sup>6</sup> \$2.60 per \$1,000 \$456	On or before the 15th day of third month after close of taxable year.
<b>Estimated tax</b>	Liability in excess of \$1,000		Due quarterly as follows: 15th day of 3rd (40%), 6th (25%), 9th (25%) and 12th (10%) months of taxable year. <sup>7</sup>
<b>Security corporation</b>			
Non-bank holding co.	Gross income	1.32%	Same as business corporations.
Bank holding company	Gross income	0.33%	
	Minimum	\$456	
<b>Financial institutions</b>	Net income Minimum	9.0% <sup>8</sup> \$456	Same as business corporations.
<b>Ship excise tax</b>	Value (equity interest) of the corporation’s interest in a ship or vessel engaged in interstate or foreign trade.	0.33%	Same as business corporations.
<b>Insurance company</b>			
Domestic life	Premiums	2.0%	On or before March 15.
Foreign life	Premiums	2.0%	
Domestic casualty	Premiums	2.28%	
	Gross investment income	0.2%–1.0%	On or before May 15.
Foreign casualty	Premiums	2.28%	
Ocean marine	Underwriting profit	5.7%	
Preferred provider arrangements	Premiums	2.28%	On or before March 15.
<b>Motor vehicle</b> garaged outside Massachusetts	90% to 10% of manufacturer’s list price	\$25 per \$1,000	On or before 30 days from issuance of tax bill.
<b>Boston sightseeing tour</b>	Ticket purchase price of any water- or land-based sightseeing tourist venue or entertainment cruise or trolley tour originating or located in Massachusetts and conducted partly or entirely in Boston.	5%	Quarterly, on or before the 20th day following the close of the tax period.
<b>Boston vehicular rental transaction surcharge</b>	Each vehicular rental transaction contract executed in Boston.	\$10	Quarterly, on or before the 20th day following the close of the tax period.
<b>Parking facilities surcharge in Boston, Springfield and/or Worcester</b>	Parking facilities built in conjunction with or as part of a project authorized by the Convention Center Financing Act in Boston, Springfield or Worcester.	\$2 per vehicle per day	Quarterly, on or before the 20th day following the close of the tax period.

<sup>6</sup>S corporations: 2.85% if total receipts are \$9 million or more; 1.90% if total receipts are \$6 million or more but less than \$9 million.

<sup>7</sup>30%, 25%, 25% and 20% for corporations with fewer than 10 employees in their first full tax year.

<sup>8</sup>S corporations: 3.85% if total receipts are \$9 million or more; 2.57% if total receipts are \$6 million or more but less than \$9 million.

# Revenue Collections FY 2017

In thousands	FY13	FY14	FY15	FY16	FY17	% change FY16-17
<b>STATE TAXES COLLECTED BY DOR</b>						
Alcoholic beverages	\$ 76,313	\$ 77,735	\$ 79,862	\$ 82,611	\$ 84,468	2.2
Financial institutions	78,007	135,774	51,896	23,465	(130)	(100.6)
Cigarettes <sup>1</sup>	558,297	660,029	647,101	640,839	619,437	(3.3)
Corporations	1,821,950	2,049,051	2,172,076	2,312,031	2,196,705	(5.0)
Deeds <sup>2</sup>	131,882	154,594	164,356	191,516	205,758	7.4
Estate and inheritance	313,394	401,512	340,903	399,429	336,633	(15.7)
Income <sup>1</sup>	12,853,989	13,225,020	14,468,332	14,407,518	14,699,874	2.0
Insurance	373,141	315,776	333,168	369,391	358,170	(3.0)
Motor Fuels and IFTA <sup>3</sup>	651,631	732,473	756,194	766,553	769,442	0.4
Public Utilities	(11,508)	9,795	3,409	(1,604)	(101)	(93.7)
Room Occupancy <sup>4</sup>	194,577	209,749	230,198	246,524	255,458	3.6
Sales and Use <sup>4</sup>	5,184,726	5,519,101	5,804,689	6,090,605	6,241,666	2.5
Club Alcoholic Beverages	1,044	1,082	953	784	929	18.5
Motor Vehicle Excise	73	66	80	100	97	(2.2)
Convention Center Surcharges	14,020	14,852	15,657	16,496	16,868	2.3
Community Preservation Trust	30,598	23,771	23,608	25,506	26,676	4.6
Controlled Substances	1	0	0	0	0	—
Satellite	11,392	12,166	11,252	11,773	10,942	(7.1)
<b>Total state taxes collected by DOR</b>	<b>\$22,283,529</b>	<b>\$23,542,547</b>	<b>\$25,103,734</b>	<b>\$25,583,537</b>	<b>\$25,822,892</b>	<b>0.9</b>
<b>STATE TAXES COLLECTED BY OTHER AGENCIES</b>						
<b>Massachusetts Gaming Commission</b>						
Pari-mutuel taxes	\$ 0	\$ 0	\$ 0	\$ 1,326	\$ 902	(32.0)
Massachusetts gaming receipts	1,830	1,308	1,203	64,356	63,432	(1.4)
<b>Lottery Commission</b>						
Beano	1,025	947	849	845	787	(6.9)
Raffles and bazaars	918	1,031	915	897	955	6.5
<b>State Athletic Commission</b>						
Boxing contests	44	176	179	182	45	(75.1)
Boxer's fund	6	21	20	19	9	(54.1)
<b>Division of Insurance</b>						
Excess and surplus lines insurance	30,646	31,052	34,664	37,405	39,349	5.2
<b>Secretary of State</b>						
Deeds excise stamp tax fees	56,985	68,486	73,934	90,426	91,435	1.1
<b>Division of Unemployment Assistance</b>						
Workforce training contribution	22,202	21,234	23,568	22,814	24,400	7.0
<b>Total state taxes collected by other agencies</b>	<b>\$ 113,657</b>	<b>\$ 124,255</b>	<b>\$ 135,332</b>	<b>\$ 218,270</b>	<b>\$ 221,314</b>	<b>1.4</b>
<b>TOTAL STATE TAXES</b>	<b>\$22,397,186</b>	<b>\$23,666,801</b>	<b>\$25,239,066</b>	<b>\$25,801,807</b>	<b>\$26,044,206</b>	<b>0.9</b>

In thousands	FY13	FY14	FY15	FY16	FY17	% change FY16–17
<b>OTHER REVENUE</b>						
Local option airplane jet fuel	\$ 39,212	\$ 39,459	\$ 37,471	\$ 23,373	\$ 19,010	(18.7)
Local option rooms	155,717	169,032	185,283	199,080	206,129	3.5
Local option meals	89,963	98,803	109,259	119,730	125,999	5.2
Public utility and insurance assessments	0	0	0	0	0	—
Urban redevelopment	44,900	40,820	37,295	36,568	26,394	(27.8)
Department non-tax revenue	12,054	11,703	10,095	10,449	8,733	(16.4)
Deeds county correction fund	0	0	0	0	0	—
County recording fees	34,151	25,467	25,930	27,860	29,293	5.1
Abandoned deposits — bottle	34,475	37,360	39,911	44,333	45,428	2.5
Local rental vehicle (Convention Center 10%)	1,303	1,395	1,460	1,534	1,578	2.9
Vehicle rental surcharge	790	410	132	176	171	(2.8)
Embarkation fees	1,299	1,253	1,284	1,413	1,420	0.5
UST delivery fees	—	—	73,644	75,169	76,085	1.2
<b>Total other revenue</b>	<b>\$ 413,864</b>	<b>\$ 425,702</b>	<b>\$ 521,764</b>	<b>\$ 539,685</b>	<b>\$ 540,240</b>	<b>0.1</b>
<b>TAXES ON PROPERTY COLLECTED BY LOCAL GOVERNMENT</b>						
Real estate	\$12,792,183	\$13,297,316	\$13,860,548	\$14,469,307	\$15,089,741	4.3
Personal property	651,569	677,654	693,529	709,928	741,663	4.5
Motor vehicles	676,973	755,700	784,007	850,225	867,553	2.0
<b>Total taxes on property collected by local government</b>	<b>\$14,120,725</b>	<b>\$14,730,670</b>	<b>\$15,338,084</b>	<b>\$16,029,461</b>	<b>\$16,698,957</b>	<b>4.2</b>
<b>TOTAL ALL TAXES</b>	<b>\$36,931,775</b>	<b>\$38,823,144</b>	<b>\$41,098,914</b>	<b>\$42,370,953</b>	<b>\$43,283,403</b>	<b>2.2</b>

<sup>1</sup>Includes income tax penalties assessed under Section 2 of Chapter 111M of the General Laws and cigarette excise revenues credited to the Commonwealth Care Trust Fund in accordance with Chapter 302, Sections 12 and 70 of the Acts of 2008.

<sup>2</sup>Due to different accounting methods, amounts reported for the deeds excise differ from those reported by the comptroller.

<sup>3</sup>International Fuel Tax Agreement.

<sup>4</sup>Includes sales, meals, room occupancy excise taxes and service fees for the City of Worcester DCU Capital Improvement Fund, as well as sales tax revenue collected from the sale of alcoholic beverages under Chapter 64H of the General Laws and credited to the Substance Abuse Prevention and Treatment Fund.

Because of rounding, detail may not add to totals.

# Offers in Final Settlement FY 2017

Under M.G.L. c. 62C, sec. 37A, the Commissioner of Revenue has the authority, under specific conditions, to accept less than full payment as a final settlement for a state tax liability. The statutory condition for such settlement is “serious doubt” as to collectibility of the tax due or the taxpayer’s liability for it. The Commissioner must also determine that the taxpayer or responsible person has acted without intent to defraud. The settlement must be recommended to the Commissioner by at least two deputy commissioners.

The written agreement, signed by all parties and including the reasons for settlement, is a public record. In cases where the liability is reduced by more than half, or by \$20,000 or more, the Attorney General of the Commonwealth must review the settlement and has the authority to object to it.

The law requires that a listing of all settlements entered into during the fiscal year be included in the Commissioner’s annual report. In Fiscal Year 2017, 86 settlements were made. All 86 were reviewed by the Attorney General.

The cases approved were as follows:

NAME	TOTAL TAX, INTEREST & PENALTIES	AMOUNT PAID IN SETTLEMENT	AMOUNT ABATED
American Legion Post 87	\$169,135.43	\$20,000.00	\$149,135.43
Arlington Auto Repair & Nuhad Matar, Responsible Person for Arlington Auto Repair, Inc.	136,580.25	65,000.00	71,580.25
Brendan F. Longobardo	35,604.71	5,000.00	30,604.71
Budget Drapery, Inc. & Eric J. DeSilva, Responsible Person for Budget Drapery, Inc.	45,738.11	22,500.00	23,238.11
Charles W. Karayianis	18,957.30	8,000.00	10,957.30
Clifford J. Brunette	7,737.66	2,000.00	5,737.66
David E. Martin	19,673.99	5,000.00	14,673.99
David W. McNulty	6,603.00	1,000.00	5,603.00
Eleanor Duffy, Inc. & Eleanor Duffy, Responsible Person for Eleanor Duffy, Inc.	7,669.53	3,117.24	4,552.29
Eric Vitale & Deborah Pementel-Vitale	32,911.08	5,000.00	27,911.08
Fei Yue, Inc. & Li Fei Cheng and Yue Ma, Responsible Persons for Fei Yue, Inc.	66,955.85	30,000.00	36,955.85
Gary J. Wright	16,057.96	3,100.00	12,957.96
Gintautas Linkus	8,648.95	3,503.00	5,145.95
Ileana Llavina	3,671.75	1,000.00	2,671.75
James R. Salzenstein	20,930.83	3,600.00	17,330.83
James T. Tucker	17,090.49	5,700.00	11,390.49
Miragliotta Law Office, P.C. & James V. Miragliotta & Lisa M. Furnari- Miragliotta Individually for Income Taxes	56,033.98	9,000.00	47,033.98
John M. Quinlan, Jr. & Joyce K. Quinlan	27,992.53	7,000.00	20,992.53
JOIA, a Partnership and George F. Hutchinson III & Luahn C. Page, Responsible Persons for JOIA, & George F. Hutchinson, III & Luahn C. Page Individually for Income Taxes	54,144.14	9,360.00	44,784.14
Kathleen L. Kophammer	6,976.03	2,000.00	4,976.03
Keith K. Shackett	53,469.12	4,800.00	48,669.12
Lasker’s Variety, Inc. & Jose L. Barrientos, Responsible Person for Lasker’s Variety, Inc.	16,371.68	4,800.00	11,571.68
Lawrence D. Daley & Jo Ann Daley	3,784.01	1,000.00	2,784.01
Lewis L. Therrien	7,016.83	1,200.00	5,816.83
Golden Banks Seafood, Inc. & Lina J. Dufour, Responsible Person for Golden Banks Seafood, Inc. & Lina J. Dufour Individually for Income Taxes	167,504.54	5,000.00	162,504.54
Manomay, Inc. & Rajalakshmi Rajan, Responsible Person for Manomay, Inc. & Rajalakshmi Rajan & Rajan Viswanathan Individually for Income Taxes	94,322.02	36,000.00	58,322.02
Mark S. Montagano	108,565.69	15,000.00	93,565.69
Mary A. Hurley d/b/a Boats & Motors	64,238.18	26,000.00	38,238.18
Mendoford, Inc. & Judith L. Blatchford & Irasema Mendoza, Responsible Persons for Mendoford, Inc.	19,786.12	10,000.00	9,786.12
Michael J. Chretien	12,093.52	4,250.59	7,842.93
Noel R. Discoe, Jr. d/b/a Melody House II	12,819.13	4,000.00	8,819.13



NAME	TOTAL TAX, INTEREST & PENALTIES	AMOUNT PAID IN SETTLEMENT	AMOUNT ABATED
Paul A. Cuzzi, d/b/a Ideal Collision Repair & Paul A. Cuzzi Individually for Income Taxes	53,264.17	5,000.00	48,264.17
Paul M. Brennan	10,056.82	2,000.00	8,056.82
Paul T. Donovan	8,807.75	1,750.00	7,057.75
Peter A. Lindstrom	7,893.40	1,000.00	6,893.40
Raffi Donoyan & Susan Donoyan	34,148.60	9,000.00	25,148.60
Randi B. Shannon	5,931.19	1,000.00	4,931.19
Richard I. Wingert & The Estate of Debra J. Wingert	45,401.02	16,000.00	29,401.02
Roland L. Beaulac	66,719.96	11,200.00	55,519.96
Stephen R. Mackey	25,694.74	11,500.00	14,194.74
Thomas A. Paolini, Responsible Person for Better Cabinet Distributors, Inc.	98,414.43	38,000.00	60,414.43
Vitaly Berman	61,465.25	12,000.00	49,465.25
Walcott Sales & Service, Inc. & Bruce A. Henderson, Responsible Person for Walcott Sales & Service, Inc.	157,384.02	61,441.00	95,943.02
Welch Restaurant & Lounge, Inc. & Brian M. Welch, Responsible Person for Welch Restaurant & Lounge, Inc. & Brian M. Welch Individually for Income Taxes	91,258.88	34,000.00	57,258.88
William E. Boyden	9,180.87	1,000.00	8,180.87
Winicios Souza	15,947.47	6,000.00	9,947.47
Wanda Batista Soares	9,965.85	1,825.00	8,140.85
Kevin M. Kriesen	6,329.20	1,000.00	5,329.20
Jeffrey P. Hale	10,493.16	6,000.00	4,493.16
Cheryl J. Costigan	8,077.40	1,455.00	6,622.40
William G. King, Jr.	5,728.82	1,000.00	4,728.82
Matthew J. Corning	36,177.46	7,000.00	29,177.46
Rachel C. Peters	10,464.68	2,040.00	8,424.68
Gallant Brothers Electric & Fire Alarm, LLC & Derek Gallant, Responsible Person for Gallant Brothers Electric & Fire Alarm, LLC & Derek Gallant & Michelle Gallant Individually for Income Taxes	36,751.19	10,000.00	26,751.19
Magno S. Abreu & Ocineib S. DaSilva-Abreu	116,298.96	16,000.00	100,298.96
Robert J. Coelho	3,143.56	1,000.00	2,143.56
Derby Fish & Lobster Corp. & Joseph C. Carnevale & Marie F. Sinibaldi, Responsible Persons for Derby Fish & Lobster Corp.	45,079.41	8,400.00	36,679.41
Itza Rosado	2,111.05	1,000.00	1,111.05
A-1 Pizza, Inc. & June A. Tsonos, Responsible Person for A-1 Pizza, Inc.	17,512.27	9,200.00	8,312.27
James P. Collins	3,994.12	1,200.00	2,794.12
James P. Sampson	9,806.17	5,000.00	4,806.17
Brendan J. Crossey	21,995.55	5,000.00	16,995.55
Kathy S. Frisbee	5,046.34	1,000.00	4,046.34
Alice C. Lahnstein	8,496.35	1,000.00	7,496.35
Kenneth Rickhi	14,598.11	1,000.00	13,598.11
EmmaLeigh L. Vick & The Estate of Alphonso Vick, Jr.	11,554.19	1,000.00	10,554.19
Carl J. Mueller, III	5,997.56	1,000.00	4,997.56
Apts, Inc. & Nancy L. Boncek, Responsible Person for Apts, Inc. & Nancy L. Boncek Individually for Income Taxes	8,593.22	2,095.00	6,498.22
Julio C. Alcantara	23,977.82	5,000.00	18,977.82
Steven P. Verga	22,451.10	4,500.00	17,951.10
Home Media Design, Inc. & Michael P. Tournas, Responsible Person for Home Media Design, Inc. & Michael P. Tournas Individually for Income Taxes	11,362.47	5,000.00	6,362.47
Mark S. Mullikin & Marcella J. Ray-Mullikin	12,936.11	2,350.00	10,586.11
Robert P. O'Neil	11,959.09	2,200.00	9,759.09
Robert J. Hobson d/b/a South End Sports Lottery & Robert J. Hobson, Individually for Income Taxes	53,562.20	12,000.00	41,562.20
Enoque R. Viana	11,360.24	1,000.00	10,360.24
Andrew T. Murphy	7,020.07	2,500.00	4,520.07
Paula J. Williams Johnson d/b/a Nick's Country Market	92,998.23	35,613.01	57,385.22

NAME	TOTAL TAX, INTEREST & PENALTIES	AMOUNT PAID IN SETTLEMENT	AMOUNT ABATED
Shirley Manor, Inc. & Wayne LaJoie, Sr., Responsible Person for Shirley Manor, Inc.	79,652.66	22,000.00	57,652.66
Eliezer Gonzalez	35,057.53	4,800.00	30,257.53
Jeffrey A. Monteleone	16,963.92	4,000.00	12,963.92
Phillip R. Berube, Jr.	19,323.70	3,600.00	15,723.70
Sidclei A. Freitas	22,201.54	11,500.00	10,701.54
Campion, Inc. & David J. Campion, Responsible Person for Campion, Inc.	61,593.60	20,000.00	41,593.60
James Economou d/b/a Economou Plumbing & Heating	60,564.29	17,091.00	43,473.29
Michael P. Corriveau d/b/a Michael's Appliance Service & Sales & Michael P. Corriveau Individually for Income Taxes	109,632.64	19,200.00	90,432.64
Custom House Associates Limited Partnership & Paul J. Flaherty & Susan M. Manning, Responsible Person for Custom House Associates Limited Partnership	725,738.20	77,400.00	648,338.20
<b>TOTAL</b>	<b>\$3,787,223.01</b>	<b>\$867,790.84</b>	<b>\$2,919,432.17</b>

*Because of rounding, detail may not add to totals.*

## Collection Agencies FY 2017

Chapter 209 of the Acts of 1988 permits the Commissioner of Revenue to use private collection agencies to collect unpaid state taxes. The Commissioner is required to notify all taxpayers whose accounts are to be assigned to a collection agency at least 30 days beforehand.

The law requires that the Commissioner list all agencies with whom collection agreements exist, the amount of taxes collected and the amount of compensation paid in the Department's annual report. They are as follows:

CONTRACTOR	TOTAL COLLECTED	FEES PAID	NET TO DOR
Allen Daniel Associates	\$4,624,983	\$473,492	\$4,151,491
EOS-CCA	4,939,256	512,385	4,426,871
<b>TOTAL</b>	<b>\$9,564,239</b>	<b>\$985,876</b>	<b>\$8,578,362</b>

*Because of rounding, detail may not add to Totals.*