

# 1999



## Massachusetts Nonresident or Part-Year Resident Income Tax Form 1-NR/PY

Nonresidents and Part-Year Residents Only  
All Schedules and Instructions

Nonresidents, file your  
returns online. See  
instructions

PC File your Form 1-NR/PY

Electronic filing is now  
available for nonresidents.  
See instructions

Visit our website for more  
help: [www.state.ma.us/dor](http://www.state.ma.us/dor)



CALL OR CLICK. GET IT QUICK!

Department of Revenue  
Commonwealth of Massachusetts



# Completing Your Form 1-NR/PY

Please read this page carefully as it explains the correct method of completing your return. This will ensure trouble-free processing.

**PRINT IN BLACK INK**

Ovals must be filled in completely. Example: For the year January 1–December 31, 1999 or other taxable year beginning 1999, ending

**Form 1-NR/PY Mass. Nonresident/Part-Year Resident Tax Return 1999**

FIRST NAME: P, A, U, L I M.I. LAST NAME: F, T, A, X, P, A, Y, E, R 1. YOUR SOCIAL SECURITY NUMBER: 3 3 3 2 2 1 1 1 1

SPOUSE'S FIRST NAME: M, A, R, Y M.I. LAST NAME: C, T, A, X, P, A, Y, E, R 2. SPOUSE'S SOCIAL SECURITY NUMBER: 7 7 7 8 8 9 9 9 9

ADDRESS: 9 8 7 A, N, Y P, L, A, C, E CITY/TOWN/POST OFFICE: S, O, M, E, W, H, E, R, E STATE: M, A ZIP + 4: 4 4 4 5 5 6 6

Select **only one**: ☐ Nonresident ☒ Part-year resident ☐ Filing as both a nonresident and part-year resident (see instructions — you must enclose Schedule R/NR) If taxpayer(s) is deceased, fill in appropriate oval(s) (see instructions): 1. ☐ 2. ☐

If name/address has changed since 1998, fill in oval: ☐ (This contribution will not change your tax or reduce your refund.)

Mass. Clean Elections Fund: (for part-year residents only) ☐ \$1 You, ☐ \$1 Spouse, if filing jointly. Total ▶ \$ (This contribution will not change your tax or reduce your refund.)

**LINE**

1 Filing Status: (Select one only) ☐ Single ☒ Married filing joint return (both must sign return) ☐ Married filing separate return. (Enter spouse's Soc. Sec. no. in the appropriate space above.)

2 Part-Year Residents: Enter dates as Massachusetts resident / / to / / Total days as Massachusetts resident 1 7 7 + 365 = 4 8 4 9 ▶ 2

3 Total Income from U.S. 1040, line 22; 1040A, line 14; 1040EZ, line 4; 1040NR, line 23; 1040NR-EZ, line 7; or U.S. Telefile Tax Record, item H. If married filing separately, see instructions ... ▶ 3 7 5 0 0 0 0 0

4 Exemptions: ☐ Fill in if noncustodial parent a. Personal exemptions. If single or married filing separately, enter \$4,400. If head of household, enter \$6,800. If married filing jointly, enter \$8,800. ▶ a 8 8 0 0 0 0 0

b. Number of dependents. (Do not include yourself or your spouse.) Enter number ▶ 1 × \$1,000. ▶ b 1 0 0 0 0 0 0

c. Age 65 or over before 2000: ☐ You + ☐ Spouse = ▶ × \$700. ▶ c

d. Blindness: ☐ You + ☐ Spouse = ▶ × \$2,200. ▶ d

e. Other: 1. Medical/Dental ▶ (from U.S. Sch. A, line 4) 2. Adoption ▶ (from worksheet) 1 + 2 = e

f. Total exemptions. Add items a, b, c, d, and e. Enter here and on line 22a ▶ 4f 9 8 0 0 0 0 0

**Nonresidents** report in lines 5 through 11 Mass. source income only. Use line 13 if appropriate. **Part-year residents** report in lines 5 through 11 income earned while a resident. Do not use lines 13 or 14. If filing both as a **nonresident** and **part-year resident**, be sure to complete Schedule R/NR, Resident/Nonresident Worksheet, before proceeding any further.

5 Wages, salaries, tips and other employee compensation (from all Forms W-2 or line 13g) ▶ 5 4 0 0 0 0 0 0

6 Taxable pensions and annuities (see instructions) ▶ 6

7 Mass. bank interest: a. ▶ 1 5 0 0 0 0 - b. exemption 2 0 0 0 0 0 = 7

8 Business/profession or farm income/loss (enclose Mass. & U.S. Sch. C or C-EZ or U.S. Sch. F) ▶ 8

9 Rental, royalty, REMIC, partnership, S corp., trust income/loss (enclose Mass. & U.S. Sch. E) ▶ 9

10 Unemployment compensation (see instructions) ▶ 10

11 Other income (alimony, taxable IRA/Keogh distr., winnings, fees) from Schedule X, line 6 (enclose Schedule X). Not less than "0" ▶ 11

12 TOTAL 5.95% INCOME. Add lines 5 through 11. (Be sure to subtract any loss(es) in lines 8 or 9) ▶ 12 3 7 5 0 0 0 0 0

FOR PRIVACY ACT NOTICE, SEE PAGE 6.

## Name and Address

Use the preaddressed return in the back of the booklet we sent you. If your address has changed, please make all changes on the preprinted form. If you did not receive a preaddressed booklet, print in **black ink** the full name, address and Social Security number of each person filing the return in the space provided. Enter names as they appear on your federal tax return.

## Filling in the Ovals

Make sure all ovals applicable to your filing situation are filled in completely, as shown: ☒

## Whole-Dollar Method

If using the whole-dollar method, be sure to fill in the appropriate oval. Then round off, to the nearest dollar, all amounts on the return and on any attached schedules. **Do not** use the whole-dollar method in calculations on worksheets that you use to reach amounts shown on your return.

\$1.00–\$1.49 =

\$1

\$1.50–\$2.00 =

\$2

## Filling in Dollar Amounts/Reporting Losses

When entering amounts on the Form 1 and schedules, print your numbers in **black ink** as shown below. Be sure there is only one number per box. Numbers must be written completely within the boxes and should not touch the boxes.

If you are reporting a loss in any line, mark over the "X" in the far left box for that line. Failure to do so will result in the loss being machine-read as a gain. Also, be sure to mark over the "X" boxes in the supporting schedules. **Do not** use parentheses or minus signs to indicate losses.

▼ If showing a loss, mark over X in box at left

X 1 2 3 4 5 6 7 8 9 0

When entering amounts, make sure to enter cents, even if using the whole dollar method, in the rightmost boxes. For example, \$1,000 should be entered as:

1 0 0 0 0 0

If a line does not apply to you, leave it blank. **Do not** use dashes or other symbols to indicate you have no entry for that line.

## Mailing Checks and Enclosing Forms

Attach to Form 1-NR/PY, with a single staple only, your Form W-2 or 1099 withholding documents. If you are making a payment, complete Form PV, Massachusetts Income Tax Payment Voucher. Form PV is attached to the back of the "Payment Due" envelope found in this booklet. Staple your check or money order to the front of Form PV and enclose Form PV with your return. Also, do not staple supporting schedules or documentation to the Form 1-NR/PY as this will delay the processing of your return.

### FILING TIP

You may be able to lower your taxes by taking advantage of other deductions on Schedule Y or other credits on Schedule Z.

See line 19 of Form 1-NR/PY. For a complete list of other deductions for which you may be eligible, see Schedule Y instructions.

Landlord's name(s) ▶

19 Other deductions from Schedule Y, line 8 (enclose Schedule Y) ▶ 19 1 0 0 0 0 0

See lines 30 and 31 of Form 1-NR/PY. For a complete list of other credits for which you may be eligible, see Schedule Z instructions.

**CREDITS.** Lines 29, 30 and 31. Enclose all applicable schedules.

▶ 29 Limited Income Credit (complete) ▶ 30 Credits from Schedule Z, line 1 5 0 0 0 0 ▶ 31 Credits from Schedule Z, line 2 5 0 0 0 0

## Who Must File

You must file a Massachusetts Nonresident/Part-Year Resident Income Tax Return, Massachusetts Form 1-NR/PY, if you were not a resident of Massachusetts and you received Massachusetts source income in excess of your personal exemption multiplied by the ratio of your Massachusetts income to your total income, or you were not a resident of Massachusetts for the full year and your gross income was more than \$8,000 — whether received from sources inside or outside of Massachusetts.

Check the following categories to make sure you are a nonresident/part-year resident.

1. You are a **full-year Resident** if your legal residence (domicile) was in Massachusetts for the entire taxable year or if you maintained a permanent place of abode in Massachusetts and during the year spent more than 183 days, in the aggregate, in the state. If you fit this description, you should file Form 1, Massachusetts Resident Income Tax Return.
2. You are a **Nonresident** if you are not a resident of Massachusetts as defined above but received Massachusetts source income (e.g. from a job in Mass.). Fill in the “Nonresident” oval at the top of the form if this category applies to you.
3. You are a **Part-Year Resident** if, during the taxable year, you moved to Massachusetts or established a permanent place of abode here and became a resident, or you terminated your status as a Massachusetts resident to establish a residence outside the state. Fill in the “Part-year resident” oval at the top of the form if this category applies to you.
4. Complete the checklist below to determine if you are required to file Form 1-NR/PY as both a **Nonresident** and **Part-Year Resident**.

*Line 1. Were you a Massachusetts resident for part of the 1999 tax year?* ☐ Yes ☐ No.

*Line 2. While you were not a resident of Massachusetts in tax year 1999, did you receive Massachusetts source income (e.g., from a job in Mass.)?* ☐ Yes ☐ No.

If you answered “Yes” to line 1 only, you should file as a **Part-Year Resident**.

If you answered “Yes” to line 2 only, you should file as a **Nonresident**.

If you answer “Yes” to **both** line 1 and line 2, you must file **both** as a **Nonresident** and **Part-Year Resident**. Fill in the “Filing as both a nonresident and part-year resident” oval below the address section of the form if this category applies to you. Complete Schedule R/NR, Resident/Nonresident Worksheet, to calculate the portion of income earned while a Nonresident and the portion of income earned while a Part-Year Resident. Schedule R/NR is included in this booklet.

For more information on Massachusetts source income, refer to the section on Filing a Nonresident/Part-Year Resident Return.

## Form 1-NR/PY Checklist

Use this checklist before mailing your return to help avoid any errors that may delay the processing of your return.

- ☒ Is your preprinted name and address correct?
- ☒ Have you completed your Form 1-NR/PY in black ink?
- ☒ Are all ovals filled in as necessary?
- ☒ If using the whole-dollar method, have you filled in the correct oval?
- ☒ Have you printed all dollar amounts completely within the boxes?
- ☒ Have you marked an “X” in any form or schedule box that shows a loss?
- ☒ Is your Social Security number correct on your Form(s) W-2 or 1099? If incorrect, make the necessary changes on Form(s) W-2 or 1099.
- ☒ Have you attached with a single staple your Forms W-2 or 1099 to the return where indicated?
- ☒ If making a payment, have you stapled your check to the front of Form PV, Massachusetts Income Tax Payment Voucher, and enclosed (not stapled) Form PV with your return? Form PV is attached to the back of the “Payment Due” envelope found in this booklet.
- ☒ Are you filing an original copy of the form? Remember, photocopies of the forms and schedules are not acceptable.
- ☒ Have you enclosed (not stapled) all supporting schedules and documentation?

## Major 1999 Tax Changes

### Increase in Personal Exemptions

The following personal exemption amounts are applicable for tax year 1999: married filing jointly — \$8,800; head of household — \$6,800; and single or married filing separately — \$4,400.

### No Tax Status/Limited Income Credit Thresholds

Because eligibility for No Tax Status for joint filers and heads of household is based in part on the personal exemption amounts, the threshold for No Tax Status for these taxpayers has been changed to reflect changes to the personal exemptions. The Limited Income Credit calculation is similarly affected.

**Joint Filers.** No tax is imposed if the Massachusetts adjusted gross income (AGI) does not exceed \$16,400 plus \$1,000 per dependent. Joint filers are eligible for the Limited Income Credit if Massachusetts AGI does not exceed \$28,700 plus \$1,750 per dependent.

**Heads of Household.** No tax is imposed if Massachusetts adjusted gross income (AGI) does not exceed \$14,400 plus \$1,000 per dependent. Heads of household are eligible for the Limited



Income Credit if Massachusetts AGI does not exceed \$25,200 plus \$1,750 per dependent.

**Single Filers.** No Tax Status for single filers is unaffected by the increase in the personal exemption amount. For single filers, no tax is imposed if the taxpayer's Massachusetts AGI does not exceed \$8,000. Single filers are eligible for the Limited Income Credit if Massachusetts AGI does not exceed \$14,000.

**Note:** If married filing separately, you do not qualify for No Tax Status or the Limited Income Credit.

### Massachusetts Adopts the U.S. Internal Revenue Code (IRC) as of January 1, 1998

Massachusetts generally adopts the federal treatment of items of income and the federal exclusions from gross income. In addition, certain deductions allowed for federal tax purposes are allowed for Massachusetts tax purposes. With certain exceptions, Massachusetts now adopts the Internal Revenue Code as amended and in effect on January 1, 1998. The exceptions, which will be treated according to the current Internal Revenue Code, are listed below. See Technical Information Release (TIR) 98-15 for an explanation of the major changes to the Massachusetts personal income tax provisions as a result of the adoption of the January 1, 1998 Internal Revenue Code

### 1998 Federal Law Changes Not Adopted by Massachusetts

► **Parking, Transit Pass and Vanpool Fringe Benefits — IRC Sec. 132(f).** Generally, Massachusetts follows the exclusion from an employee's gross income for employer-provided parking, transit pass and vanpool benefits. However, two federal acts subsequent to January 1, 1998, have created differences between the Massachusetts and federal treatment of this exclusion. Specifically, the exclusion amounts are higher for Massachusetts purposes, and Massachusetts will not allow an exclusion for transit pass and vanpool benefits unless they are provided by an employer without charge to the employee. These differences will be reflected in the Form W-2 provided by your employer.

► **Self-Employed Health Insurance Deduction — IRC Sec. 162(l).** A federal and Massachusetts deduction is allowed for amounts paid for medical care insurance for a self-employed taxpayer and his or her spouse and dependents. For federal purposes the deduction will be 60% of the qualified insurance payments for the 1999 tax year. However, due to differences between the Internal Revenue Code as amended and in effect as of January 1, 1998, and the current year, only 45% of the qualified insurance payments are deductible for Massachusetts purposes for the 1999 tax year.

► **Savings Incentive Match Plan for Employees (SIMPLE Accounts).** Under federal tax law, SIMPLE tax-favored retirement plans can be established under IRC sec. 401(k) or IRC sec. 408(p). Contributions to SIMPLE plans on behalf of em-

ployees are excluded from federal and Massachusetts gross income. However, Massachusetts does not allow personal income tax deductions for contributions to SIMPLE plans on behalf of self-employed taxpayers. For more information, see DOR Directive 99-7.

### Massachusetts Adopts the Current (post-1998 changes) U.S. Internal Revenue Code for Certain Federal Tax Provisions

The areas in which Massachusetts applies the current (which will include changes that have taken place after January 1, 1998) Internal Revenue Code consist of:

- exclusions of certain income derived from Roth IRAs as defined in IRC sec. 408A and Education IRAs as defined in IRC sec. 530;
- treatment of rollovers from a traditional to Roth IRA, including the special four-tax-year averaging provision, if elected, in tax year 1998;
- exclusion of gain from the sale of a personal residence provided by IRC sec. 121;
- deduction of trade or business expenses under IRC sec. 162(a); and
- the limitations provided by IRC secs. 274(m) and (n) for the deduction of certain travel and meals and entertainment expenses.

For more information, see TIR 98-8 and TIR 98-15.

### Tax Lowered on Interest and Dividends

Applicable to tax years beginning on or after January 1, 1999, the tax rate on dividends and interest (other than interest from Massachusetts banks) is lowered from 12% to 5.95%. Massachusetts bank interest continues to be taxed at 5.95% for tax year 1999. 12% income continues to include short-term capital gains, as well as short- and long-term capital gains arising from the sale of collectibles and pre-1996 installment sales classified as capital gain income for Massachusetts purposes.

### Capital Gains Tax Calculation Changed

Long-term capital losses are now allowed to be applied against long-term and short-term capital gains. First, long term gains are applied against long-term losses within each holding period. For example, 5% gains are applied against 5% losses, 4% gains are applied against 4% losses, 3% gains are applied against 3% losses and 2% gains are applied against 2% losses. Then, any net losses within a particular holding period can be applied against net gains within other holding periods, beginning with the highest tax rate and applying any remaining losses against the next highest tax rate. For example, a 3% loss is first applied against 5% gains, then any remaining loss is applied against 4% gains, and any loss still remaining then is applied against 2% gains.

Certain long-term capital losses may now be applied against short-term capital gains and long-term capital gains on collectibles and pre-1996 installment sales and then against interest (other than from Massachusetts banks) and dividend income.

Certain short-term capital losses may now be applied against long-term capital gains. This application is from the highest tax rate to the lowest. Unused losses can be carried forward as short-term losses in 2000.

Business losses may now be deducted from long-term capital gains. Business losses continue to be deductible against 5.95% income and may be applied to reduce short-term capital gains and interest (other than from Massachusetts banks) and dividend income connected to the taxpayer's business.

All of these changes are retroactive to 1996. If any of the changes reduce your tax for 1996, 1997 or 1998, you may claim a credit on your 1999 tax return based on the amount of tax savings for those years. Alternatively, to the extent that the new law lowers your tax for any of these prior years, you may apply for an abatement of a portion of the tax you paid using Form CA-6.

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

### Tax Lowered on Capital Gains/Change in Tax Rates

Legislation passed in 1994 reduced the tax on gain from the sale of capital assets held for more than one year. For purposes of the law, holding periods will be deemed not to have begun prior to January 1, 1995. The lower tax rates, ranging from 5% to 0%, will be gradually phased in over six years as holding periods increase from the deemed commencement date. The law expands the definition of a capital asset and allocates capital gains and losses into either 12% income or long-term capital gain income based on the capital asset's character and holding period. There are special rules for collectibles that are capital assets such as antiques, gems, and works of art.

The law defines "capital gain income" as gain from the sale or exchange of a capital asset. The definition of "capital asset" has been expanded to include: (1) an asset which is a capital asset for federal income tax purposes, or (2) property that is used in a trade or business within the meaning of IRC sec. 1231(b) without regard to the holding period as defined in said sec. 1231(b).

Applicable to tax years beginning on or after January 1, 1996, reduced tax rates on long-term capital gains will be phased in year by year over a six-year period. The applicable tax rate is 5% if the capital asset was held for more than one year but not more than two years, 4% if the capital asset was held for more than two years but not more than three years, 3% if the capital asset was held for more than three years but not more than four years, and 2% if the capital asset was held for more than four years. For each subsequent tax year, the longest possible holding period increases by one year, and lower tax rates apply accordingly. By tax year 2001 when the law is fully operational,

gains on the sale of capital assets held more than one year will be taxed at the following rates: assets held for more than one year but less than or equal to two years will be taxed at 5%; more than two years but less than or equal to three years will be taxed at 4%; more than three years but less than or equal to four years will be taxed at 3%; more than four years but less than or equal to five years will be taxed at 2%; and more than five years but less than or equal to six years will be taxed at 1%. Capital assets held for more than six years will not be subject to tax.

**Note:** For a detailed explanation of the new law, see Proposed Regulation on Capital Gains and Losses, 830 CMR 62.4.1.

As a result of the above changes, the various classes of Mass. gross income are now allocated among three categories:

- Gains on the sale of capital assets (excluding collectibles) held for more than one year but not more than two years are taxed as 5% income, those held for more than two years but not more than three years are taxed as 4% income, those held for more than three years but not more than four years are taxed as 3% income, and those held for more than four years are taxed as 2% income in tax year 1999. Allowable deductions from these items of income include losses on the sale of capital assets held for more than one year, certain losses on the sale of capital assets held for one year or less, allowable deductions from your trade or business, and excess exemptions.

- Dividends and interest (other than interest from Mass. banks) are taxed at the rate of 5.95% for tax year 1999. 12% income continues to include short-term capital gains as well as short- and long-term capital gains arising from the sale of collectibles and pre-1996 installment sales classified as capital gain income for Massachusetts purposes. Allowable deductions from these items of income include allowable deductions from your trade or business, losses on the sale of capital assets held for one year or less, certain losses on the sale of capital assets held for more than one year, a 50% deduction for gains on the sale of collectibles and pre-1996 installment sales classified as capital gain income held for more than one year, and excess exemptions.

- 5.95% income will continue to consist of all income (except dividends and interest, other than interest from Mass. banks) that is not 5% income, 4% income, 3% income, 2% income, or 12% income, including such items as wages, pensions, business income, rents, alimony, and Massachusetts bank interest.

### Brownfields Tax Credit

Effective for tax years beginning on or after January 1, 1999, taxpayers are allowed a credit for amounts expended to rehabilitate contaminated property owned or leased for business purposes and located within an economically distressed area. In general, the credit is 25% or 50% of certain environmental response and removal costs incurred between August 1, 1998, and January 1, 2005. The maximum amount of credit that may

be taken in any taxable year may not exceed 50% of the taxpayer's personal income tax liability for the taxable year. A five-year carryforward of unused credit is allowed, provided the taxpayer continues to maintain the remedies required by law. For more information, see TIR 99-13.

### Military Personnel Serving in Kosovo

As a result of Executive Order No. 13119 issued by President Clinton on April 13, 1999, declaring the Kosovo area as a combat zone, military and support personnel who served in Kosovo are given extra time to file income tax returns and pay income taxes due. The extension period is for 180 days, in addition to the period of service or a hospitalization attributable to such service. Pay received by a member of the United States armed forces on active duty in a combat zone during the taxable year is excluded from Massachusetts gross income to the same extent it is excluded from federal gross income under Sec. 112 of the Internal Revenue Code. For more information, see TIR 99-6.

## Privacy Act Notice

Under the authority of 42 U.S.C. sec. 405(c)(2)(C)(i), and M.G.L. c. 62C, sec. 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 M.G.L. c. 62C, sec. 40, the taxpayer's identifying number is required to process a refund of overpaid taxes. Although tax return information is generally confidential pursuant to M.G.L. c. 62C, sec. 21, the Department of Revenue may disclose return information to other taxing authorities and those entities specified in M.G.L. c. 62C, secs. 21, 22 or 23, and as otherwise authorized by Law.

## Getting Started

If you follow this easy three-step process, you should be able to complete your form with a minimum amount of time and effort.

### Step One — Gather Your Records

Before you begin, gather all your records together, including your Form(s) W-2 (Wages), W-2G (Winnings), and any Form(s) 1099. Use this information to complete your U.S. Form 1040, 1040A, 1040EZ, 1040NR, 1040NR-EZ or U.S. Telefile Tax Record first. The information on your U.S. return will help you complete your Massachusetts return.

### Step Two — Complete Your Return

First, remove the forms from this booklet. If you received this booklet in the mail and the information in the preaddressed area is correct, file this return with the Department of Revenue. If your address has changed, make all of the necessary changes on the preprinted form. Please keep the extra copy for your records; you may need information from it when you complete your return next year.

When completing your return, simply proceed line by line, reading the instructions for each line before you enter any amounts. Make entries in black ink only. If a line does not apply to you, leave it blank. Be sure to check your return to make sure it is correct.

### Step Three — Sign Your Return

After you have checked your return, be sure to sign it. Your spouse must also sign if it is a joint return. Please note that the signature area is at the bottom of page 3 of Form 1-NR/PY. Form 1-NR/PY is not considered a valid return unless it is signed. Original signatures are required or the return will not be accepted. If a payment is due, be sure to staple your payment to the front of Form PV, Massachusetts Income Tax Payment Voucher, and enclose Form PV with your return. Form PV is attached to the back of the "Payment Due" envelope found in this booklet.

## Common Mistakes

An incomplete or incorrect return can delay the processing of your return. Following are a number of tips to help us process your return as quickly as possible.

**Note:** You should **not** staple any items, other than any required Form(s) W-2 or 1099s, to Form 1-NR/PY. Any enclosures such as schedules, statements, Form PV, Schedule R/NR, etc. should simply be placed in the envelope along with Form 1-NR/PY when mailing.

► **Incorrect Computation.** The Department corrects many returns each year due to errors in computation. Before mailing your return, check your arithmetic to make sure the computations are correct.

► **Filing Status.** Be sure to fill in the correct oval in line 1, Filing Status. This line is frequently overlooked.

► **Exemptions.** Be sure that you specify the number of exemptions you are claiming in line 4, items b, c and d. Enter the appropriate number(s) in the small white box.

► **Missing Pages of Form 1-NR/PY.** Form 1-NR/PY is three pages. Be sure to include all three pages of the return when mailing.

► **Missing Withholding Statement(s).** Be sure the state copy of all Forms W-2 (Wages), W-2G (Winnings) and any Forms 1099

that show Massachusetts income tax withheld are attached with a single staple. These forms are frequently missing and must be obtained later from you in order to process the return.

► **Missing Supporting Schedules.** Be sure all required schedules are enclosed to support the information on your Form 1-NR/PY. These include Massachusetts Schedules X, Y, Z, B, C, C-2, D, E, BC, EC, EOA, FEC, LP, SC and all required U.S. schedules. Also remember to enclose: copies of other states' return when claiming a credit for income tax paid to another state or jurisdiction; a certificate of compliance or verification letter if claiming the Septic Credit; a letter of compliance or interim control if claiming the Lead Paint Credit; or a copy of the response action outcome statement or remedy operation status submittal stamped by the Department of Environmental Protection if claiming the Brownfields Credit. We cannot process your return without these forms.

► **Government Employee Pension Contributions.** If you were a state, local or county employee and made contributions to a Massachusetts state or local pension plan, your total wages for state purposes will be different from the amount you report on your U.S. return. Report your total state wages from your Form(s) W-2 on Form 1-NR/PY.

► **Earned Income Credit.** You must have your federal earned income credit amount from your U.S. return or as computed by the IRS if you wish to claim the earned income credit on Form 1-NR/PY.

► **Missing Signatures.** Thousands of unsigned returns are received by the Department every year. These returns must be returned to the taxpayers for signatures. If a joint return is filed, both spouses must sign the return. Make sure signatures are on the correct lines.

► **Missing Form PV.** If you are making a payment, make certain you fill out Form PV, Massachusetts Income Tax Payment Voucher, and staple your payment to the front of Form PV. Form PV is attached to the back of the "Payment Due" envelope found in this booklet. Enclose Form PV with your return.

## Filing Your Mass. Return

As a nonresident, you must file Form 1-NR/PY if your Massachusetts source income for 1999 exceeded the smaller of your apportioned personal exemption, or \$8,000.

### What Is Massachusetts Source Income for Nonresidents?

The term "Massachusetts source income" is used throughout this booklet to describe the types of income which are taxable to a nonresident.

A nonresident is only subject to tax on items of income derived from or effectively connected with:

- any trade, business, or employment carried on in Massachusetts (see the following section);
- participation in any lottery or wagering transaction in Massachusetts; or
- ownership of any interest in real or tangible personal property located in Massachusetts.

Some examples of the types of income taxable to a nonresident include:

- all wages, salaries, tips, bonuses, fees and other compensation which relate to activities carried on in Massachusetts, regardless of where the compensation is paid;
- unemployment compensation related to previous Massachusetts employment;
- profit from a business, trade, profession, partnership or S corporation conducted in Massachusetts;
- rents and royalties from real and tangible personal property located in Massachusetts or from other business activities in Massachusetts;
- gain from the sale of real or tangible personal property located in Massachusetts; and
- interest and dividends, only if derived from or connected with Massachusetts business activity, or the ownership of Massachusetts real estate or tangible personal property.

Income from Massachusetts sources which is not taxed to residents is not taxed to nonresidents, e.g., interest on debt obligations of the U.S. and amounts received as Social Security and worker's compensation.

In general, the same exemptions and deductions allowed to residents are available to nonresidents to determine taxable income. These items are allowed, however, only to the extent they relate to, or are allocable to, Massachusetts source income.

### Am I Carrying on a Trade, Business or Employment in Massachusetts as a Nonresident?

A nonresident generally does not have a trade, business or employment carried on in Massachusetts if his/her presence for business in Massachusetts is casual, isolated and inconsequential. A nonresident's presence for business will be considered casual, isolated and inconsequential if it meets any of the following:

- The nonresident's presence for business in Mass. does not exceed 10 days in the taxable year except that a nonresident directly earning more than \$6,000 of gross income from business or employment activities — for example, a commission



earned by a salesperson for a Mass. sale does not have a casual, isolated or inconsequential presence for business in Mass., regardless of the number of days in Massachusetts;

- ▶ The gross income from presence for business in Massachusetts does not exceed \$6,000 in the taxable year; or
- ▶ The nonresident's business presence in Massachusetts is ancillary to the nonresident's primary business or employment duties performed at a base of operations outside Massachusetts, e.g., an occasional presence in Massachusetts for management functions, and other similar activities which are secondary to the individual's primary out-of-state duties.

### Are Military Personnel Required to File?

If you enlisted in the service as a Massachusetts resident and have not established a new domicile (legal residence) elsewhere and if your gross income is more than \$8,000, you are required to file a Massachusetts income tax return. This applies even though you may be stationed outside of Massachusetts. The terms "legal residence" and "domicile" are used to denote that place where you have your permanent home and to which, whenever you are absent, you have the intention of returning. Nonresident military personnel stationed in Massachusetts may be subject to Massachusetts taxes and should file Form 1-NR/PY if they earn income from other than military sources.

No guidance is intended on the tax status of such pay under the laws of other states. Generally, when income is taxable in two jurisdictions, a credit for taxes paid to the other jurisdiction is allowed on the taxpayer's return in the state of his/her residence.

### How Do I Determine My Legal Residence (Domicile)?

Your legal residence is determined by all the facts and circumstances in your case. If you have two or more residences, your legal residence is the one you regard as your true home or principal residence. You cannot choose to make your home in one place for the general purposes of life and in another for tax purposes. Your legal residence is usually the place where you maintain your most important family, social, economic, political and religious ties. A change of legal residence will not be accomplished by a temporary or protracted absence from a place; you must not intend to return.

**Note:** A person is also considered a resident if they maintain a permanent place of abode in Massachusetts and spend more than 183 days, in the aggregate, in the state. See Technical Information Release (TIR) 95-7 for a further explanation.

### What is Gross Income For a Part-Year Resident?

As a part-year resident, you must file Form 1-NR/PY if your gross income was more than \$8,000 — whether received from

sources inside or outside of Massachusetts. Gross income for a part-year resident includes the following:

- ▶ all wages, salaries, tips, bonuses, fees & other compensation;
- ▶ taxable pensions and annuities;
- ▶ alimony;
- ▶ income from a business, trade, profession, partnership, S corporation, trust or estate;
- ▶ rental, royalty and REMIC income;
- ▶ unemployment compensation;
- ▶ taxable interest and dividends;
- ▶ gambling winnings;
- ▶ capital gains;
- ▶ taxable portion of scholarships and fellowships; and
- ▶ any other income not specifically exempt.

Massachusetts gross income also includes the following which are not subject to the U.S. income tax:

- ▶ interest from obligations of states and their political subdivisions, other than Massachusetts and its political subdivisions; and
- ▶ income earned by a resident from foreign employment.

Massachusetts gross income does not include:

- ▶ interest on obligations of the U.S.; and
- ▶ amounts received as U.S. Social Security, public welfare assistance, Veterans Administration disability payments, G.I. Bill education payments, worker's compensation, gifts, or accident or life insurance payments.

### What Adjustments Must I Make as a Part-Year Resident?

Part-year residents must adjust income, deductions and exemptions when completing Form 1-NR/PY. In general, these items are reduced because all of your income will not be subject to Massachusetts tax. Your deductions and exemptions are based on the number of days you were a Massachusetts resident or the amount of income that is subject to Massachusetts tax.

#### Income: Lines 5 through 11, 23b, 25 and 26

If you earned only a portion of the income you reported on your U.S. return while you were a Massachusetts legal resident, subtract from your U.S. income the amount earned and received while you were legally domiciled in another state or country. However, you may be required to include all income derived from Massachusetts sources earned while you were a nonresident (e.g., rental property in Massachusetts) on Schedule R/NR, Resident/Nonresident Worksheet.

#### Deductions: Lines 15 through 19

Most deductions are based on the actual amounts paid by you associated with the deduction for the period of time you were in Massachusetts.



Line 17 (the deduction for a dependent under age 12), Schedule Y, line 5 (student loan interest deduction, medical savings account (MSA) deduction and the deduction for clean fuel vehicles) and Schedule Y, line 7 (college tuition deduction) are the only deductions based on the proration of the number of days you were a Massachusetts resident. For example, if you are entitled to the dependent under age 12 deduction, and if you lived in Massachusetts for only four months, you can claim a deduction equal to \$400 (one-third of the \$1,200 to which you are otherwise entitled). See line 2 on Form 1-NR/PY for the proration formula.

Lines 15, 16 and 18 and Schedule Y, lines 1–4, line 5 (moving expenses, self-employed health insurance deduction, qualified performing arts-related expenses, jury duty pay given to your employer, reforestation amortization, repayment of supplemental unemployment benefits under the Trade Act of 1974, employee business expenses of fee-basis state or local government officials, and deductible expenses related to income reported on U.S. Form 1040, line 21 and Massachusetts Schedule X, line 5) and Schedule Y, line 6 are based on the actual amounts paid or received for the period of time you were in Massachusetts. For example, you may only deduct the amount of alimony paid (Schedule Y, line 3) while you were a Massachusetts resident. Similarly, the deduction for penalties on the early withdrawal of savings is only available if the penalties were related to Massachusetts interest income reportable, or previously reported, on a Massachusetts tax return.

### **Exemptions: Lines 4a through 4f**

Your total exemptions (line 4f) must be prorated based upon the ratio of days you were a Massachusetts resident. To adjust your exemptions, use the formula in line 2 and see line 22 instructions.

### **Earned Income Credit: Line 39**

Your earned income credit (line 39) must be prorated based upon the ratio of days you were a Massachusetts resident. To adjust this credit, use the formula in line 2 and see line 39 instructions.

### **Should I Make Estimated Tax Payments in 2000?**

Every taxpayer (whether a resident or nonresident) who expects to pay more than \$200 in Massachusetts income taxes on income which is not covered by Massachusetts withholding must pay Massachusetts estimated taxes using Massachusetts Form 1-ES, Estimated Income Tax Vouchers. See line 38 instructions for a further discussion of who must pay quarterly estimated taxes to the Department of Revenue.

In most cases, the first payment voucher, Massachusetts Form 1-ES, must be filed on or before April 15 of the taxable year. The estimated tax may be paid in full with the first payment voucher

or in four installments on or before April 15, June 15, September 15 of the taxable year and January 15 of the following year.

If 80% of the tax is not paid throughout the year by withholding and/or estimated tax payments you may have to pay a penalty.

### **How Do I File a Decedent's Return?**

A final income tax return must be filed for a taxpayer who died during the taxable year. It must be signed and filed by his/her executor, administrator or surviving spouse for the portion of the year before the taxpayer's death. Be sure to fill in oval 1 if the taxpayer who was listed first on last year's income tax return is deceased, or oval 2 if the taxpayer who was listed second on last year's income tax return is deceased. Also, enclose a statement with the refund claimant's name and Social Security number clearly printed.

A joint return may be filed by a surviving spouse. In the case of the death of both spouses, a final return must be filed by their legal representative.

Any income received for the decedent for the taxable year after the decedent's death, and for succeeding taxable years until the estate is completed, must be reported each year on Massachusetts Form 2, Massachusetts Fiduciary Income Tax Return.

If the decedent's return shows a refund due, and if the Probate Court has not appointed a legal representative and none is contemplated, a Massachusetts Form M-1310, Statement of Claimant to Refund Due on Behalf of Deceased Taxpayer, must be enclosed with the return so the refund check may be made payable to the proper person.

## **When to File Your Return**

Form 1-NR/PY is due on or before April 18, 2000.

### **How Do I File for an Extension?**

To receive an extension of time to file, you must file an Application for Automatic Six-Month Extension of Time to File Massachusetts Income Tax, Massachusetts Form M-4868, 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. An approved extension means only that you will not be assessed a late penalty for filing your return after the due date. Interest is charged on any tax not paid by the original due date.

If you are filing for an extension and either owe no tax or choose to pay your tax due by Mastercard, Visa, Discover or Novus brand card, you may file your application for extension by touch-tone telephone (see next page for more information), or if you owe no tax, you may substitute U.S. Form 4868 for the Massachusetts extension form. Be sure to indicate on the form that this extension is for Massachusetts purposes.

# Line by Line Instructions

## Filing Your Extension by Telephone

The Department offers an Extension by Telephone option which allows taxpayers who want to file an Automatic Six-Month Extension of Time to File Massachusetts Income Tax, Form M-4868, to do so by telephone. This option is available to taxpayers who meet the following requirements:

- ▶ you filed a 1998 Massachusetts income tax return;
- ▶ you owe no tax; or
- ▶ if there is a tax due with your extension, payment is made with a Mastercard, Visa, Discover or Novus brand card.

If you meet all of the criteria above, call (617) 660-2222 to file your extension by telephone. If you do not have Form M-4868, complete the following worksheet before you call to determine whether or not you have a tax due.

- |   |
|---|
| 1. Enter amount from Form 1-NR/PY, line 33 . . . . .                    |
| 2. Enter the total of Form 1-NR/PY, lines 36–39 and line 41 . . . . .   |
| 3. Amount due. Subtract line 2 from line 1, not less than "0" . . . . . |

If you need a copy of Form M-4868, call our main information lines at (617) 887-MDOR or toll-free in Massachusetts at 1-800-392-6089. Form M-4868 is also available on our website at [www.state.ma.us/dor](http://www.state.ma.us/dor).

**Note:** Your extension will not be valid if you fail to pay 80% of your total tax liability through withholding, estimated tax payments or with your Massachusetts Form M-4868.

## Electronic Filing (Nonresidents Only)

For the past seven years, the Department has offered nonresident taxpayers the option of filing their returns electronically through an approved paid preparer. Electronic filing is a faster, more accurate alternative to traditional paper filing. Last year over 220,000 taxpayers took advantage of this technology and were issued their refunds, on average, in four days. For more information on electronic filing, visit our website at [www.state.ma.us/dor](http://www.state.ma.us/dor).

## Online Filing (Nonresidents Only)

Online filing is a simple way for you to prepare and electronically file your own tax return using DOR-approved commercially available software or by visiting a DOR-approved software developer's website. You can complete your return with accuracy, receive an acknowledgment that your return has been accepted, and if you are due a refund, you will receive it in four days. Visit DOR's website at [www.state.ma.us/dor](http://www.state.ma.us/dor) for a complete listing of approved vendors and for links to their websites.

## Must I File on a Calendar Year Basis?

No. You may file on a fiscal year basis if you keep your books and records on that fiscal year basis and if you receive permission from the Commissioner of Revenue. If you file on a fiscal

year basis, you must file on or before the fifteenth day of the fourth month after the end of the fiscal year.

## What Should I Do if I Make a Mistake or Leave Something Off My Return?

If, after filing your income tax return, you receive an additional tax statement, such as a W-2 or 1099, or discover that an error was made, do not submit a second tax return. If corrections are necessary, you must file Massachusetts Form 33X, Massachusetts Amended Income Tax Return. This form is available at any Department of Revenue location, or you may have one mailed to you by calling (617) 887-MDOR.

## Name and Address

Use the preaddressed return in the back of the booklet we sent you if all of the preprinted information is correct. If your address has changed, please make all of the necessary changes on the preprinted form. If you did not receive a preaddressed return, print the full name, address, and Social Security number of each person filing the return in the spaces provided. Enter names as they appear on your federal return.

## Social Security Number(s)

Be sure your Social Security number is correct on your return. Failure to show the correct Social Security number in the space provided will delay the processing of your return. If filing jointly, list your numbers in the order they appear on your federal return. Also, be sure your employer has listed the correct Social Security number on your Form W-2.

If you are married, you must list your spouse's Social Security number even if you are filing a separate return.

Beginning January 1, 1997, each foreign person must use an identification number on any U.S. or Massachusetts tax return or refund claim filed. Certain aliens who cannot obtain Social Security numbers (SSNs) must obtain an IRS-issued individual taxpayer identification number (ITINs). This number can be obtained by filing Form W-7 with the IRS. The ITIN is not available for U.S. citizens or persons legally permitted to reside permanently or to work in the United States. These taxpayers qualify for SSNs and should obtain them from the Social Security Administration by filing Form SS-5.

## Residency Status

Fill in the "Nonresident" oval if you were not a resident of Massachusetts and you received Massachusetts source income. See the section "What is Massachusetts Source Income for Nonresidents?" on page 7 for an explanation of Mass. source income.

Fill in the "Part-year resident" oval if you were a resident of Massachusetts for less than the full year, you received Massachusetts gross income in excess of \$8,000 and you did not receive Massachusetts source income while a nonresident.

Fill in the "Filing both as a nonresident and part-year resident" oval if both categories apply to you in the same tax year. See the checklist on page 3. You must also complete and enclose with your return Schedule R/NR, Resident/Nonresident Worksheet. This worksheet is included in this booklet.

## Name/Address Change

If you legally changed your name or address in 1999, fill in the oval. If you changed your name enclose a copy of your Social Security card or driver's license showing your new name. Failure to include this documentation could delay processing of your return. If you move after filing, be sure to leave a forwarding address with your local post office and file a Change of Address Form with the Massachusetts Department of Revenue.

## Deceased Taxpayer

Be sure to fill in the appropriate oval if a taxpayer died during the taxable year. For further information, refer to the section "How Do I File a Decedent's Return?" on page 9 of the instructions.

## Voluntary Contribution to Massachusetts Election Campaign Fund (for Part-Year Residents Only)

You, and your spouse if filing jointly, may voluntarily contribute \$1 each to the Massachusetts Election Campaign Fund. The purpose of the fund is to provide limited public financing for campaigns for statewide and legislative office and the Governor's Council of candidates participating in the program set up under the 1998 Massachusetts Clean Elections Law. This contribution will not change your tax or reduce your refund.

**Note:** Lines without specific instructions are considered to be self-explanatory.

## Filing Status

### 1 Single

Fill in the "**Single**" oval if you were single as of December 31, 1999. This status applies to you if, at the close of the taxable year, you fit into any of the following categories:

- ▶ you were unmarried;
- ▶ you were a widow or a widower whose spouse died before 1999; or
- ▶ you were legally separated under a final judgment of the probate court.

Please note that you are not single if: 1) you have obtained a judgment of divorce which has not yet become final; 2) you have a temporary support order; or 3) you and your spouse simply choose to live apart.

## Married Filing Joint Return

Fill in the "**Married filing joint return**" oval if you were legally married as of December 31, 1999, and you elect to file a joint return. A joint return is allowed even if only one spouse had in-

come. Both spouses are responsible for the accuracy of all information entered on a joint return, and both must sign. If your spouse died during 1999, you may still choose to file a joint return.

Please note that a joint Form 1-NR/PY is **not** allowed unless each spouse is reporting income for the same resident or nonresident period. For example, John (a Massachusetts resident) and Jane (a New Hampshire resident) both work in Massachusetts. After they were married in June 1999, John moved to New Hampshire to live with Jane. They cannot file a joint return because their nonresident tax years are different. (Jane lived in New Hampshire during the entire year, but John only lived there for six months.)

## Married Filing Separate Return

Fill in the "**Married filing separate return**" oval if you were legally married as of December 31, 1999, but you elect to file a separate return. Enter your spouse's Social Security number in the space provided.

## Head of Household

Fill in the "**Head of household**" oval if you qualify to file this status federally and would like to file as head of household for Massachusetts purposes.

**Note:** You may wish to figure your taxes based upon more than one filing status to see which status is to your benefit.

### 2 Part-Year Resident Proration Formula

Part-year residents must fill out the proration formula in line 2. Enter the dates you were a Massachusetts resident in the spaces provided. Then, enter the total days you were a Massachusetts resident and divide this number by 365 and carry this division out to four decimal places. Failure to do so may delay the processing of your return. This figure is used to determine the portion of certain deductions, exemptions and the earned income credit a part-year resident may be eligible for.

### 3 Total U.S. Income

Enter the amount of your total income before adjustments from your U.S. return — U.S. 1040, line 22; 1040A, line 14; 1040EZ, line 4; 1040NR, line 23; 1040NR-EZ, line 7; or U.S. Telefile Tax Record, item H. This item is requested for administrative reasons; it is not used in the calculation of your tax.

## Whole-Dollar Method

Rounding off all amounts on your return will hasten processing of your return. If doing so, please fill in the appropriate oval. Then, round off, to the nearest dollar, all amounts on the return and on any attached schedules.

- ▶ Do not use the whole-dollar method in calculations on worksheets that you use to reach the amounts shown on your return.

**Noncustodial Parent**

Fill in this oval if you are a “**noncustodial parent**.” A noncustodial parent is defined as a person who has a minor child, but does not live with the child.

**Note:** If you are the biological parent of a child, but your parental rights have been terminated, you are not the noncustodial parent of that child.

**4 Exemptions****Line 4a: Personal Exemptions**

Each taxpayer is entitled to claim a personal exemption. The amount of your personal exemption depends on your filing status as filled in line 1: single, married filing a joint return, married filing a separate return or head of household.

- ▶ If you are single or married filing a separate return, enter \$4,400 in item a.
- ▶ If filing as head of household, enter \$6,800 in item a.
- ▶ If married filing a joint return, enter \$8,800 in item a.

**Line 4b: Number of Dependents**

You may claim a \$1,000 exemption for each of your dependents if you claimed them on your U.S. return. Enter in the box in item b the number of the dependents you listed on U.S. Form 1040 or 1040A, line 6c or U.S. Form 1040NR, line 7c. Do not include yourself or your spouse. Then, multiply that total by \$1,000 and enter the total amount in line 4b.

You must list the Social Security number of each dependent in the space provided for item b. You can receive a Social Security number for your dependent by filing Form SS-5 with your local Social Security Administration office. If your dependent will not have a Social Security number by April 18, 2000, file Form M-4868, Application for Automatic Six-Month Extension of Time to File Massachusetts Income Tax Return, on or before April 18, 2000.

**Note:** In a few cases, the number of dependents claimed for Massachusetts purposes and for U.S. purposes may differ. For U.S. tax purposes, a dependent exemption is not allowed for a person who would otherwise be a dependent but who files his/her own income tax return and claims a personal exemption. For Massachusetts tax purposes, you can claim a dependent exemption for such a person. If you claim such a dependent in Massachusetts, increase the number reported in item b from your U.S. return by the number of such additional dependents.

**Line 4c: Age 65 or Over Before 2000**

You are allowed an additional \$700 exemption if you were age 65 or over before January 1, 2000. If your spouse was age 65 or over and you are filing a joint return, you may also claim a \$700 exemption for your spouse. Fill in the appropriate oval(s) and enter the total number of persons age 65 or over in the small box. Then, multiply that total by \$700 and enter the total amount in line 4c.

**Line 4d: Blindness Exemption**

You are allowed an additional \$2,200 exemption if you are legally blind. If your spouse is also legally blind and you are filing a joint return, you may also claim a \$2,200 exemption for your spouse. Fill in the appropriate oval(s) and enter the total number of blindness exemptions in the small box. Then, multiply that total by \$2,200 and enter the total amount in line 4d.

**Legal Definition of Blindness**

You are legally blind and qualify for the blindness exemption if your visual acuity with correction is 20/200 or less in the better eye, or if your peripheral field of vision has been contracted to a 10-degree radius or less, regardless of visual acuity.

**Line 4e: Other: Medical and Dental Expenses/Adoption Agency Fee**

You may claim an exemption for medical and dental expenses paid during 1999 only if you itemized these expenses on your U.S. Form 1040, Schedule A. If you are married filing a joint U.S. Form 1040, you must file a joint Mass. Form 1-NR/PY to claim this exemption. Enter in line 4e, item 1 the amount reported on your U.S. Form 1040, Schedule A, line 4.

If you paid adoption fees to a licensed adoption agency during 1999 and if the adoption fees were more than 3% of your adjusted 5.95% income (for nonresidents, computed as if you were a resident), you are eligible for a limited exemption. Complete the following worksheet.

**Line 4e Worksheet — Adoption Agency Fee Exemption**

Enclose a statement showing the name and address of the licensed adoption agency and your exemption calculation.

*Nonresidents enter amounts in B and C computed as if you were a resident. Part-year residents enter amounts in B and C computed as if you were a full-year resident. Enter all losses as “0.”*

- A.** Licensed adoption agency fees. . . . .
- B.** 5.95% income from Form 1-NR/PY, line 12\* . . . . .
- C.** Enter the total of Schedule Y, lines 1 through 5. . . . .
- D.** Subtract item C from item B. . . . .
- E.** Enter the total Mass. bank interest or the interest exemption amount, whichever is smaller, from Form 1-NR/PY, line 7a or line 7b. . . . .

**Note:** If Form 1-NR/PY, line 12 is a loss, combine Form 1-NR/PY, line 12 with the smaller amount of total Mass. bank interest or the interest exemption amount. Enter the result in item E above, unless the result is a loss. If the result is a loss, enter “0.”

- F.** Adjusted 5.95% income. Add items D and E. . . . .
- G.** 3% of adjusted income. Multiply item F by .03. . . . .
- H.** Allowable Adoption Agency Fee Exemption. Subtract item G from item A and enter in Form 1-NR/PY, line 4e, item 2. . . . .

\*Add back any Abandoned Building Renovation deduction claimed on Schedule(s) C and/or E.

Add item 1 and item 2 and enter the total in line 4e.



**Line 4f: Total Exemptions**

Add lines 4a through 4e and enter the total in line 4f. This amount should also be entered on line 22a of Form 1-NR/PY.

**Lines 5 through 11**

► Income received by nonresidents is taxed only when it is from Massachusetts sources. Refer to the general instructions in this booklet for a definition of Massachusetts source income. The instructions for each of these lines will describe Massachusetts source income in more detail. For part-year residents, income received while a resident, whether from sources inside or outside of Massachusetts, is taxable.

► Your entries must agree with the appropriate amounts on your copies of Forms W-2 and 1099, and/or required schedules for lines 8 and 9. Nonresidents, if your actual Massachusetts income is not known, see the Nonresident Apportionment Worksheet in line 13 and accompanying instructions. **Note:** You cannot apportion Massachusetts wages as shown on Form W-2.

## 5.95% Income

DOR and the IRS maintain an extensive exchange program, routinely sharing computer tapes and audit results. Discrepancies between income, deductions, and schedules reported federally and on this return, except those allowed under state law, will be identified and may result in a state audit or further investigation.

### 5 Wages, Salaries, Tips, and Other Employee Compensation

Report in line 5 total state wages from Form(s) W-2. Enter the amount(s) stated as Massachusetts wages. **Note:** Part-year residents, income earned while a Massachusetts resident in another state is subject to taxation in Massachusetts. In most cases your total wages will be the same amount reported on your U.S. 1040 or 1040A, line 7; U.S. 1040EZ, line 1; U.S. 1040NR, line 8; or U.S. 1040NR-EZ, line 3 unless:

- you or your spouse earned income from employment outside Massachusetts (nonresidents only);
- you were a Massachusetts legal resident working in a foreign country (part-year residents only);
- you were a legal resident of Mass. for only a part of 1999; or
- you were a state or local employee and made contributions to a Massachusetts state or local pension plan.

**Differences Between Wages for Massachusetts Tax Purposes and Those Reported on My U.S. Return**

► **Nonresidents earning a portion of income from employment outside Massachusetts.** If a portion of the wage income reported on your U.S. return was earned outside Massachu-

setts, the amount in line 5 should not include wages earned in another state or country.

► **Massachusetts legal residents working in a foreign country while a Mass. resident.** Income earned in a foreign country is subject to taxation in Massachusetts. If you excluded part or all of the compensation earned in a foreign country on your U.S. return (under sec. 911 of the U.S. IRC), you must include any such amount in line 5 for Massachusetts tax purposes.

► **Part-year residents of Massachusetts.** If you earned only a portion of the income you reported on your U.S. return while you were a Massachusetts legal resident, subtract from your U.S. wages the amount earned and received while you were legally domiciled in another state or country.

► **State or local employees contributing to pension plans.** If you are a Massachusetts state, city, town or county employee and contributed to your pension plan, enter in line 5 the Form W-2 state wage amount. This amount will be greater than the U.S. amount because your pension contributions are excluded from your income for U.S. tax purposes. Contributions up to \$2,000 may still be deducted in line 15a or 15b for Massachusetts tax purposes.

### 6 Taxable Pensions and Annuities

**Nonresidents.** Under Title 4 of the United States Code, section 114, payments to nonresidents from certain qualified pension plans are not subject to tax.

Qualified plans include: a qualified trust under IRC sec. 401(a) exempt from taxation under IRC sec. 501(a); simplified IRC sec. 408(k) plans; IRC sec. 403(a) annuity plans; IRC sec. 403(b) annuity contracts; IRC sec. 7701(a) (37) individual retirement plans; eligible deferred compensation plans of state and local governments and tax exempt organizations as defined by IRC sec. 457; IRC sec. 414(d) government plans; a trust or trusts described in IRC sec. 501(c) (18); and any plan, program or arrangement described in IRC sec. 3121(v)(2)(C) if payments are made at least annually and spread over the actuarial life expectancy of the beneficiaries, or if payments are spread over at least a ten-year period. Such income is also protected from state taxation if the plans are trusts under IRC sec. 401(a), but exceed limits laid down in IRC secs. 401(k), 401(m), 402(g), 403(b), 408(k) or 415 or any other limitation on contributions or benefits which may apply in the Code.

Retirement or retainer pay of a member or former member of a uniformed service computed under 10 U.S.C. chapter 71 (military pensions) received by a nonresident is also exempt.

Any income from pensions related to a Massachusetts trade, business or employment that is not derived from one of the qualified pension plans listed above is taxable. Enter in line 6 the portion of those pensions reported on your U.S. Form

1040, line 16a or U.S. Form 1040A, line 11a, that are taxable to Massachusetts nonresidents.

**Part-year residents.** Income from most private pensions or annuity plans is taxable in Massachusetts. You must report the taxable pension income you received while a resident of Massachusetts. Certain government pensions, however, are exempt under Massachusetts law. In general, exempt pensions include contributory pensions from the U.S. Government or the Commonwealth of Massachusetts and its political subdivisions, and noncontributory military pensions. The following section describes some specific pensions which are exempt. If your pension is not exempt, you should generally enter in line 6 the taxable amount reported on your U.S. Form 1040, line 16b or U.S. Form 1040A, line 11b. In some cases, however, Massachusetts law requires an adjustment to the federal amount. Distributions from annuity, stock bonus, pension, profit-sharing or deferred payment plans or contracts described in secs. 403(b) and 404 of the U.S. IRC must be adjusted to account for your contributions that have been previously taxed. Subtract from such income (as reported on your U.S. Form 1040, line 16a or U.S. Form 1040A, line 11a) the amount of your contributions which were previously taxed by Massachusetts until the total of your taxed contributions is received. If your pension falls into this category, enter the adjusted amount in line 6 and explain briefly (in an enclosed statement) why this amount is different than the amount reported on your U.S. return. If you are receiving distributions from an IRA or Keogh plan, do not report the income here; instead, please refer to the instructions for Schedule X on page 26.

### What pensions are exempt?

- ▶ Pension income received from a contributory annuity, pension, endowment or retirement fund of the U.S. Government or the Commonwealth of Massachusetts and its political subdivisions.
- ▶ Pensions from other states or its political subdivisions which do not tax such income from Massachusetts or its political subdivisions may be eligible to be deducted from Massachusetts taxable income. This pension income, however, should be reported in line 6. Refer to Schedule Y, line 6 instructions to determine eligibility for this deduction.
- ▶ Noncontributory pension income or survivorship benefits received from the U.S. uniformed services (Army, Navy, Marine Corps, Air Force, Coast Guard, commissioned corps of the Public Health Service and National Oceanic and Atmospheric Administration) is exempt from taxation in Massachusetts.
- ▶ Massachusetts state court judges who were appointed on or after January 2, 1975 are participants in the Massachusetts contributory retirement system and their pensions are nontaxable. State court judges who were appointed prior to January 2, 1975 receive taxable noncontributory pensions.

If you retired under Chapter 32, Sections 56–60 of Massachusetts General Laws and are a veteran who began Massachusetts state service prior to July 1, 1939, all or part of your pension income may be subject to tax. If you elected to receive your proceeds from contributions in one lump-sum distribution, your original contributions to the retirement system are not taxable. Noncontributory pension income received after a lump-sum distribution is fully taxable and should be reported in line 6.

### How do I report lump-sum distributions?

If you were an employee of the U. S., Massachusetts or one of its political subdivisions and left public employment prior to retirement, you are not required to report as income the lump-sum distribution of your previous pension contributions.

**Lump-sum distributions** of qualified employee benefit plans in excess of the employee's contributions which were previously subject to Massachusetts tax (or not previously excluded from Massachusetts tax) must be reported in line 6. Generally, qualified rollovers are not taxable in Massachusetts to the extent they are not taxable on your U.S. return. Lump-sum distributions related to IRA/Keogh distributions should be reported on Schedule X, line 2.

**Rollover from a Traditional IRA to a Roth IRA (Part-Year Residents Only).** Taxpayers with \$100,000 or less in federal adjusted gross income are allowed to make partial or complete rollovers from existing IRAs to Roth IRAs. For rollovers completed in 1998, taxpayers are allowed to evenly spread the taxable portion over four tax years, starting with 1998. Any taxable portion of these rollovers included in federal gross income received while a resident of Massachusetts is also included in Massachusetts gross income, except for amounts previously subject to Massachusetts personal income tax. See Schedule X, line 2 instructions for further details.

**Note:** Massachusetts does not tax Social Security income, therefore, you should not report such income on Massachusetts Form 1-NR/PY.

## 7 Interest from Massachusetts Banks

**Nonresidents.** Interest income is only taxable if it is related to a Massachusetts trade, business, profession, partnership or S corporation, or to the ownership of real estate or tangible personal property located in Massachusetts.

**Part-year residents.** While a resident of Massachusetts, interest received from **any** savings banks, cooperative banks, national banks, trust companies, savings and loan associations or credit unions located in Massachusetts is taxable.

Nonresidents/part-year residents, report in line 7a such interest taxable by Massachusetts.

To report interest taxable to a nonresident/part-year resident from banks located in Massachusetts, enter in line 7a all



needed. Failure to enclose this schedule will delay the processing of your return. See Schedule X instructions on page 26.

## 12 Total 5.95% Income

Add lines 5 through 11 and enter the total in line 12. Remember to subtract any losses marked with an "X" when calculating the total.

# Apportionment — Nonresidents Only

Sometimes your business or employment requires you to work both inside and outside Massachusetts, but you do not know the actual amount of income you earned from working in Massachusetts. In this case, you must apportion your income so that only the correct portion (the amount attributable to Massachusetts) will be taxed by Massachusetts. Some nonresidents must use the Nonresident Apportionment Worksheet in line 13 for this purpose.

## Who Cannot Apportion Income?

If you know the actual amount of your Massachusetts source income, do not apportion. Report your income taxable in Massachusetts on your Massachusetts return. Examples of nonresidents who **cannot** apportion include:

- ▶ an employee whose actual Massachusetts income is shown on Form W-2;
- ▶ an employee whose Form W-2 does not indicate initially his/her actual Massachusetts income but whose employer issues a corrected Form W-2 or other statement which breaks down this amount. Since your employer is required by law to withhold Massachusetts tax on your Massachusetts wages, this breakdown will be easy to obtain; and
- ▶ a self-employed person whose actual Massachusetts income is known, such as a surgeon who comes to Massachusetts to perform a specific operation for a set fee.

In the few cases when your employer fails to issue a separate Form W-2 that includes only Massachusetts earnings, you may use the Nonresident Apportionment Worksheet to adjust your earnings.

## Who Must Use the Nonresident Apportionment Worksheet?

If your employment or business took you both inside and outside Massachusetts and you do not know the actual amount of income you earned in Massachusetts, you must use the Nonresident Apportionment Worksheet if you are a self-employed person or employee who is on an hourly, daily, weekly, monthly or mileage basis, or whose compensation depends upon sales, at least some of which take place outside of Massachusetts.

## Who Can Apportion Income but Cannot Use the Nonresident Apportionment Worksheet?

If you do not know the actual amount of income you earned in Massachusetts from one business or employment, but you do not fit into any of the categories listed in the preceding section, you should **not** use the Nonresident Apportionment Worksheet. See the section on "Special Apportionment Methods" for your apportionment method.

Examples of nonresidents who must apportion income using one of these special methods include:

- ▶ an independent business or professional person whose income does not depend on sales, days or mileage;
- ▶ an entertainer or athlete whose income does not depend solely on receipts or winnings;
- ▶ a general or limited partner in a partnership; and
- ▶ a shareholder of an S corporation with Massachusetts source income.

## Apportionment Methods

If you use the Nonresident Apportionment Worksheet, fill in the oval for the appropriate basis and then follow the instructions. If you have more than one business or employment requiring the use of the worksheet, complete and enclose one worksheet for each business or employment.

- ▶ **Working days basis.** This basis should be used by employees or self-employed persons who qualify to use the Nonresident Apportionment Worksheet and who are compensated on an hourly, daily, weekly or monthly basis. The income of these taxpayers is to be allocated to Massachusetts in the proportion that the amount of time spent working in Massachusetts bears to the total working time.
- ▶ **Mileage basis.** An employee or self-employed person whose compensation depends on miles traveled is taxed on that portion of total compensation received in which the miles traveled within Massachusetts bear to total miles traveled.
- ▶ **Sales basis.** For an employee or self-employed person whose compensation depends upon sales or commissions, taxable income includes that portion of total compensation received which the sales made inside Massachusetts bear to total sales. (For the purposes of making this allocation, all sales for which the taxpayer takes orders inside Massachusetts are attributable to this state, regardless of whether the formal acceptance of the contract of sale takes place inside or outside Massachusetts.)

## Special Apportionment Methods

If you earned income both inside and outside Massachusetts from one business or employment, and your actual Massachusetts income is not known and you cannot use the Nonresident Apportionment Worksheet in line 13, use the following appropriate apportionment method.



► **Self-employed and professional persons.** If you earned income from both inside and outside Massachusetts and your books do not accurately reflect your Massachusetts source income, you must use a three-factor formula to apportion your Massachusetts income. Instructions for this method of apportionment are in Massachusetts Regulation 830 CMR 62.5A.1.

► **Entertainers and professional athletes.** If you are a nonresident entertainer who performed in Massachusetts and you were not paid specifically for the performance in Massachusetts, or if you are a nonresident professional athlete who took part in performances, bouts, meets, matches or games that occurred in Massachusetts and you were not paid for the specific event played in Massachusetts, you must use the apportionment formula set forth in Massachusetts Regulation 830 CMR 62.5A.1.

► **Nonresident partners.** If you are a nonresident general or limited partner, you are taxed on your distributive share of the income received by the partnership to the extent that the partnership income is Massachusetts source income, determined as if the partnership were a nonresident individual. If you are entitled to apportionment, the partnership will apportion its income and notify you of your share.

► **Nonresident shareholders of an S corporation.** If you are a nonresident shareholder in an S corporation, you are taxed on the distributive share of income received by the S corporation to the extent that the S corporation income is Massachusetts source income. If you qualify for apportionment, the S corporation will apportion its income and notify you of your share.

## 13 Nonresident Apportionment Worksheet

**13a.** If your income is measured by working days, enter the number of days you worked outside Massachusetts.

**13b.** Enter the number of days you worked inside Massachusetts. (If you spent a working day partly inside and partly outside Massachusetts, treat the day as having been spent one-half inside the state.)

**13c.** Enter the total days worked both inside and outside Massachusetts (the sum of lines 13a and 13b).

**13d.** Enter your nonworking days. Your nonworking days are those days during the year (or during the period you worked, if your job lasted less than a year) that you were not required to work, such as Saturdays, Sundays, holidays, sick days, vacation and leave with or without pay. Complete the remainder of the Nonresident Apportionment Worksheet as indicated, and enter your Massachusetts income from line 13g in the appropriate line on Form 1-NR/PY. For example, if you are apportioning your wages, enter the amount from line 13g in line 5.

If you are using the mileage or sales basis, substitute mileage or sales for working days and complete all items in the worksheet, except line 13d. Indicate what basis you are using by filling in

the appropriate oval, and enter your Massachusetts income from line 13g in the appropriate line on Form 1-NR/PY.

## Nonresident Deduction and Exemption Ratio

Since nonresidents are only taxed on income from Massachusetts sources, the deductions and exemptions allowed to them are limited by the amount of this income. This happens in two ways. The deductions in line 15 and Schedule Y, lines 1, 2, 4, 5 (certain amounts only — see Schedule Y, line 5 instructions) and 6 must be matched to specific items of income taxed on Form 1-NR/PY. Other deductions and all exemptions must be prorated by the ratio of a taxpayer's Massachusetts source income to his/her total income.

## 14 Nonresident Deduction and Exemption Ratio

All nonresident taxpayers must complete lines 14a to 14g to arrive at this ratio. The ratio will be used to determine what amounts, if any, you may deduct in lines 16 and 17; Schedule Y, line 3 (alimony paid deduction), Schedule Y, line 5 (student loan interest deduction, medical savings account (MSA) deduction and the deduction for clean fuel vehicles) and Schedule Y, line 7 (college tuition deduction); the amount of your exemptions in line 22a; and the earned income credit in line 39.

If married filing jointly, include in each line the income for both spouses. Enter any loss as "0."

**14a.** Enter in line 14a total 5.95% income from line 12.

**14b.** Enter in line 14b tax exempt Massachusetts bank interest from the smaller of line 7a or line 7b.

**14c.** Read the instructions for lines 23b, 25 and 26. If these items apply to you, combine Schedule B, line 11 (but not less than "0") and Schedule D, line 12, columns A, B, C and D (but not less than "0"), and enter the total in line 14c. If there is no entry in Schedule B, line 11, enter the amount from Form 1-NR/PY, line 23b.

**14e.** Enter in line 14e the total income from non-Massachusetts sources you received during the tax year covered by this return. This is the additional income that would have been reported by you if you had been a Massachusetts resident that you received from non-Massachusetts sources. This amount is often not the same as the difference between your total U.S. income reported in line 3 and your Massachusetts source income reported in line 14d, due to the differences between Massachusetts and federal tax laws. For example, Massachusetts does not tax interest from U.S. obligations or Social Security benefits. See the following section for a more detailed explanation.

**14g.** Divide line 14d by line 14f. Carry this division out to four decimal places. Failure to do so may delay the processing of your return. Enter the result in line 14g. This is your ratio for deductions and exemptions. It represents the relationship of your Massachusetts source income to your total income.

### Why Might U.S. Total Income in Line 3 Be Different from Total Income in Line 14f?

Taxpayers are required to provide their U.S. total income on Form 1-NR/PY. In addition, taxpayers must indicate on the form the sum of their total Massachusetts 5.95%, 12% and long-term capital gain income and any additional income that would have been reported as Massachusetts income had they been Massachusetts residents. Due to differences between Massachusetts and federal tax laws these two amounts may not be the same.

To reconcile the two amounts, the following types of income included in the U.S. total income, but not taxable in Massachusetts should be subtracted from the U.S. total:

- ▶ Social Security and Tier I Railroad Retirement benefits;
- ▶ pensions from contributory retirement plans of the U.S., or Massachusetts and its political subdivisions;
- ▶ pension income from the U.S. military;
- ▶ U.S. bond interest;
- ▶ state tax refunds; and
- ▶ Keogh distributions related to contributions previously taxed by Massachusetts.

Income from the following categories which is not included in U.S. total income must be added back to calculate the total income that would be reported as Massachusetts income had the taxpayer been a Massachusetts resident:

- ▶ bond interest from other states;
- ▶ up to \$70,000 in foreign-earned income;
- ▶ contributions to a pension plan by Massachusetts state or local employees; and
- ▶ net operating loss carryforward.

If your total income in line 3 exceeds the amount reported in line 14f by more than 10%, you should enclose a statement explaining the reasons for the difference.

## Deductions

### Lines 15 through 19

Massachusetts allowable deductions differ from "Itemized Deductions" on Schedule A of U.S. Form 1040. You may claim only the deductions specified on Massachusetts Form 1-NR/PY, lines 15 through 18 and Schedule Y.

### 15 Amount Paid to Social Security (FICA), Medicare, Railroad, U.S., Massachusetts Retirement Systems

**Nonresidents**, if as a condition of Massachusetts business or employment, you have paid into any of the retirement systems listed above during 1999, you may deduct those contributions, up to a maximum of \$2,000.

**Part-year residents** may deduct contributions attributable to business or employment while a Massachusetts resident, up to a maximum of \$2,000.

Enter in lines 15a and 15b the amount you, and your spouse if filing jointly, paid to Social Security (FICA), Medicare or Railroad Retirement and the U.S. or Massachusetts Retirement Systems during 1999 as shown on your Form W-2 that is directly related to income taxable by Massachusetts included in line 12, but not more than \$2,000 each. Payment amounts may not be combined or transferred from one spouse to the other. Add items 15a and 15b and enter the result in line 15. Be sure to add any amount of Medicare tax withheld as shown on Form W-2 to the amount of Social Security tax withheld, the total not to exceed \$2,000 per person.

Payments to an IRA, Keogh, Simplified Employee Pension plan (SEP) or Savings Incentive Match Plan for Employees (SIMPLE) Account are not deductible for Massachusetts income tax purposes.

### Lines 16 and 17

Massachusetts law allows an option for deducting expenses related to dependent children. Please read instructions for both lines 16 and 17 to determine if you qualify and to decide which deduction is better for you. You cannot claim a deduction in both lines 16 and 17.

### 16 Child Under Age 13, or Disabled Dependent/Spouse Care Expenses

Massachusetts generally allows the same expenses as the U.S. Government for employment-related expenses for the care of a qualified child under the age of 13, a disabled dependent or a disabled spouse. Complete the following worksheet in order to calculate your Massachusetts child or disabled dependent/spouse care expense deduction.

- ▶ If you choose to take a deduction in line 16, you may not take the deduction in line 17.

**Line 16 Worksheet — Child Under 13 or Disabled Dependent/Spouse Care Deduction**

Use the following worksheet to calculate your Massachusetts child under age 13 or disabled dependent/spouse care deduction. Also, enclose US Form 2441 or US Form 1040A, Schedule 2.

Part-year residents, enter amounts paid while a Massachusetts resident.

- A.** Enter the amount from US Form 2441, line 6, or US Form 1040A, Schedule 2, line 6 .....
- B.** If you paid 1998 expenses in 1999, enter the amount of the allowed 1998 expenses used to compute the credit on US Form 2441, line 9, or US Form 1040A, Schedule 2, line 9. Otherwise, enter "0" .....
- C.** Add items A and B .....
- D.** Part-year residents, enter here the amount from item C and in Form 1-NR/PY, line 16; nonresidents, multiply item C by Form 1-NR/PY, line 14g and enter the result here and in Form 1-NR/PY, line 16. ....

**17 Dependent Member of Household Under Age 12 at Year End**

You may deduct up to **one** \$1,200 amount if at least one dependent member of your household was under age 12 on December 31, 1999 and if you are either single, head of household, or married filing jointly. You may claim only one \$1,200 amount, regardless of the number of dependent children under age 12. Be sure to enter the dependent child's name on the line provided in line 17.

- ▶ You may claim an amount in line 17 only if claiming "0" in line 16.
- ▶ Nonresidents, multiply \$1,200 by line 14g. Part-year residents, multiply \$1,200 by line 2. Enter the result in line 17 of Form 1-NR/PY.

**18 Rental Deduction**

**Nonresidents** are allowed a deduction equal to 50% of the rent they pay, up to a maximum of \$2,500, for their principal residence only if it is located in Massachusetts and is their sole residence. (Non-Massachusetts rent is never deductible.) Many nonresidents rent a house or apartment in Massachusetts, but few qualify for this deduction. This is because the house or apartment rented here is not their principal residence. Only those nonresidents who rented a house or apartment in Massachusetts and have no family home or other dwelling to which they normally return (or to which they could return in the future) in any other state or country, can claim this deduction. If you filled in the "no" oval in line 18, complete the following worksheet.

**Part-year residents** are entitled to the rental deduction equal to 50% for the rent they paid during 1999 (up to a maximum of

\$2,500 per return) for their principal residence while a resident of Massachusetts. Complete the following worksheet.

**How Do I Calculate My Rental Deduction If I Am Married Filing Separately?**

If a husband and wife file separate returns, they are each entitled to a rental deduction equal to 50% of the rent each pays, not to exceed \$1,250 per return. However, a married couple filing separately may allocate the rent deduction differently, provided the amount taken by each spouse does not exceed 50% of the rent actually paid by that spouse, and provided their combined rental deductions do not exceed \$2,500. If the allocation results in one spouse claiming a deduction in excess of \$1,250, that spouse must enclose with his/her return a statement signed by the other spouse indicating consent to the allocation. The statement must contain the name, address and Social Security number of the consenting spouse and the amount of rental deduction taken by that spouse. This statement is in addition to the requirement that each taxpayer who claims the rental deduction must provide the landlord's name(s) on the return.

**Line 18 Worksheet — 50% Rental Deduction**

- A.** Enter the total amount of qualified rent paid by you during 1999 .....
- B.** Divide item A by 2 ( $\div 2$ ) and enter the result, or \$2,500 (\$1,250, if married filing a separate return; see instructions) — whichever is smaller — in line 18 of Form 1-NR/PY. ....

*This deduction is limited to one deduction of not more than \$2,500 per return, only if single, married filing a joint return or head of household. If married filing a separate return, the deduction is generally limited to \$1,250 per return (see instructions). Enter your landlord's name(s) in the area provided on line 18. Enclose an additional statement if you need more space.*

**19 Other Deductions (from Schedule Y)**

**Allowable Employee Business Expenses, Penalty on Early Savings Withdrawal, Alimony Paid, Amounts Excludible Under MGL Ch. 41, Sec. 111F or U.S. Tax Treaty, Student Loan Interest Deduction, Medical Savings Account Deduction, Moving Expenses, Self-Employed Health Insurance Deduction, Certain Qualified Deductions From U.S. Form 1040, Deductible Amount of Qualified Contributory Pension Income from Another State or Political Subdivision & College Tuition Deduction**

"Other deductions" include the items listed above and must be included on Schedule Y. Enter the total from Schedule Y, line 8. Be sure to enclose Schedule Y with your return. Failure to do so will delay the processing of your return. See Schedule Y instructions on page 28.

**22 Exemption Amount**

Enter amount from Exemption Section, line 4, item f in line 22a.

**Nonresidents.** Prorate your exemptions using the ratio of your Massachusetts income to your total income by multiplying line 22a by line 14g and entering the result in line 22. This amount represents your prorated exemptions.

**Part-year residents.** Prorate your total exemptions claimed on Form 1-NR/PY by multiplying line 22a by line 2 and entering the result in line 22. This amount represents your prorated exemptions as a part-year resident.

**23 5.95% Income****a 5.95% Income After Exemptions**

Subtract line 22 from line 21. Enter the result in line 23, but not less than "0."

If line 22 exceeds line 21 and you were the beneficiary of an estate or trust taxed in Massachusetts, or if you received interest income (other than interest from Massachusetts banks), dividends or capital gain income, read the following section and complete the worksheet for Schedule B, line 24 and Schedule D, line 21 on page 21, if applicable. All others proceed to line 23b.

**Applying Exemptions for the Beneficiary of an Estate or Trust Taxed in Massachusetts**

If you are reporting income on Form 1-NR/PY and were also the beneficiary of an estate or trust, you may apply excess exemptions to your Form 2 income taxed at 5.95%. If you are single, head of household, or married filing jointly, you may then apply any remaining excess exemptions to your interest income (other than interest from Massachusetts banks), dividends or capital gain income reported on Form 1-NR/PY. Any excess amount should then be applied against 12% income reported on Form 2 before applying any remaining excess amount against 5% income on Form 1-NR/PY. Any excess amount remaining should then be applied against 5% income reported on Form 2 before applying any remaining excess amount against 4% income reported on Form 1-NR/PY. Any excess amount remaining should then be applied against 4% income reported on Form 2 before applying any remaining excess amount against 3% income reported on Form 1-NR/PY. Any excess amount still remaining should then be applied against 3% income reported on Form 2 before applying any remaining excess amount against 2% income reported on Form 1-NR/PY. Any excess amount still remaining should then be applied against 2% income reported on Form 2. You must complete and file with your Form 2 a copy of Form 20A, Beneficiary's Claim for Exemptions Applicable to Fiduciary Income, in order to apply the excess exemptions to your Form 2 income. Form 20A is included in the Form 2 booklet.

**b Interest and Dividend Income**

If you have any interest income other than interest from deposits in banks located in Massachusetts, dividend income in excess of \$400, certain capital gains or losses, or any adjustments to interest income (other than interest from Mass. banks), you must complete Schedule B. Be sure to enclose Mass. Schedule B. To determine if you need to file Schedule B refer to the Schedule B instructions beginning on page 33 of this booklet.

Enter in line 23b the amount from Schedule B, line 26. If not required to file Schedule B, enter dividend income of \$400 or less (from U.S. Form 1040 or 1040A, line 9) in line 23b.

**c Total 5.95% Income**

Add line 23a and line 23b.

## Tax on 5.95% Income

**24 5.95% Tax**

Based upon the amount in line 23c, find the proper amount of tax from the table at the back of this booklet. Enter the tax in line 24. If line 23c is more than \$80,000, multiply the amount in line 23c by .0595 and enter the result in line 24. You must use the tax table if line 23c is \$80,000 or less.

## 12% Income and Tax

**25 12% Income from Certain Capital Gains**

Enter in line 25a the amount from Schedule B, line 27. Multiply this amount by .12 (12%) and enter the tax in line 25. Be sure to enclose Mass. Schedule B. To determine if you need to file Schedule B refer to the Schedule B instructions beginning on page 33 of this booklet.

## Long-Term Capital Gain Tax

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

Enter in line 26 the amount from Schedule D, line 24, line **but not less than "0."** Be sure to enclose Massachusetts Schedule D. To determine if you need to file Schedule D refer to the Schedule D instructions beginning on page 37 of this booklet.

**Excess Exemptions**

If excess exemptions were used in calculating lines 23b, 25 or 26 (see Schedule B, line 24 and/or Schedule D, line 21), be sure to fill in the oval in line 26.



**Schedule B, Line 24 and Schedule D, Line 21 Worksheet — Exemptions from Interest and Dividend Income, 12% Income and Long-Term Capital Gain Income (Only if Single, Head of Household, or Married Filing Jointly)**

If your total exemptions in line 22 are more than the amount of your 5.95% income after deductions in line 21, the excess may be applied against all your interest and dividend income and income taxed at 12%. Any remaining excess amount may then be applied against all your long-term capital gain income. (If you are the beneficiary of a Massachusetts trust or estate, see the instructions for line 23.) Complete the following worksheet only if line 21 is less than line 22 to determine if you qualify for the excess exemption. Enter all losses as "0."

- A.** Enter amount from Schedule B, line 23. Not less than "0".....
- B.** Enter amount from Form 1-NR/PY, line 22.....
- C.** Enter amount from Form 1-NR/PY, line 21.....
- D.** Subtract item C from item B. If "0" or less, you do not qualify for this exemption. Omit the remainder of this worksheet.....
- E.** Excess exemptions applied against interest and dividend income and 12% income. If item A is larger than item D, enter item D here and in Schedule B, line 24 and omit remainder of worksheet. If item D is equal to or larger than item A, enter item A here and in Schedule B, line 24. Complete items F through H.....
- F.** Subtract item E from item D. If "0" you have no remaining excess exemptions. Omit the remainder of this worksheet.....
- G.** Enter Schedule D, line 20, column A. Not less than "0".....
- H.** Excess exemptions applied against long-term capital gain income taxed at 5%. If item G is larger than item F, enter item F here and in Schedule D, line 21, column A and omit remainder of worksheet. If item F is equal to or larger than item G, enter item G here and in Schedule D, line 21, column A. Complete items I through K.....
- I.** Subtract H from F. If "0," you have no remaining excess exemptions. Omit the remainder of this worksheet.....
- J.** Enter Schedule D, line 20, column B. Not less than "0".....
- K.** Excess exemptions applied against long-term capital gain income taxed at 4%. If item J is larger than item I, enter item I here and in Schedule D, line 21, column B. If item I is equal to or larger than item J, enter item J here and in Schedule D, line 21, column B..... Complete items L through N
- L.** Subtract K from I. If "0," you have no remaining excess exemptions. Omit the remainder of this worksheet.....
- M.** Enter Schedule D, line 20, column C (from page 2). Not less than "0".....
- N.** Excess exemptions applied against long-term capital gain income taxed at 3%. If item M is larger than item L, enter item L here and in Schedule D, line 21, column C (on page 2). If item L is equal to or larger than item M, enter item M here and in Schedule D, line 21, column C (on page 2)..... Complete items O through Q.

**Worksheet continues on next column ...**

**... continued from previous column**

- O.** Subtract N from L. If "0," you have no remaining excess exemptions. Omit the remainder of the worksheet. ....
- P.** Enter Schedule D, line 20, column D (from page 2). Not less than "0".....
- Q.** Excess exemptions applied against long-term capital gain income taxed at 2%. If item P is larger than item O, enter item O here and in Schedule D, line 21, column D (on page 2). If item O is equal to or larger than item P, enter item P here and in Schedule D, line 21, column D (on page 2).....

## Mass. AGI

### College Tuition Deduction

If you paid tuition to a two- or four-year college for yourself or a dependent, you may be entitled to a deduction equal to the amount by which the tuition payment, less any scholarships, grants, or financial aid received, exceed 25% of line 8 of Schedule NTS-L-NR/PY. See Schedule Y, line 7.

### No Tax Status — Single, Married Filing a Joint Return or Head of Household Only

If your Massachusetts Adjusted Gross Income (Mass. AGI) was \$8,000 or less if single, \$14,400 or less plus \$1,000 per dependent if head of household, or \$16,400 or less plus \$1,000 per dependent if married filing a joint return, you qualify for No Tax Status and are not required to pay any Massachusetts income taxes.

To see if you may qualify for No Tax Status, complete Schedule NTS-L-NR/PY found on the back of page 3 of Form 1-NR/PY. See Schedule NTS-L-NR/PY instructions.

### Massachusetts Adjusted Gross Income for No Tax Status and Limited Income Credit

Mass. Adjusted Gross Income (Mass. AGI) is not the same as taxable income. Mass. AGI includes:

- wages, salaries, tips;
- taxable pensions and annuities;
- pension income from another state or political subdivision before any deduction;
- taxable IRA/Keogh and Roth IRA distributions;
- fees and unemployment compensation;
- income or loss from a business or profession;
- income or loss from partnerships, S corporations and trusts;
- rents, royalties and REMIC income;
- alimony and other 5.95% income;
- interest from Massachusetts banks before exemptions; and
- other interest, dividends, and capital gains.

**27 No Tax Status**

If you qualify for No Tax Status, fill in the oval in line 27, enter "0" in line 28 and omit lines 29–32. Also, enter "0" in line 33 and complete Form 1-NR/PY.

**Note:** If married filing separately you do not qualify for No Tax Status or the Limited Income Credit.

**29 Limited Income Credit —  
Single, Married Filing a Joint Return  
or Head of Household Only**

If you do not qualify for No Tax Status, but you are single and your Mass. AGI is between \$8,000 and \$14,000, or if you are filing as head of household and your Mass. AGI is between \$14,400 and \$25,200 plus \$1,750 per dependent, or if you are married filing a joint return and your Mass. AGI is between \$16,400 and \$28,700 plus \$1,750 per dependent, you may qualify for the Limited Income Credit. This credit is an alternative tax calculation that can result in a significant tax reduction for people whose income is close to the No Tax Status threshold. Be sure to complete Schedule NTS-L-NR/PY on the back of page 3 of Form 1-NR/PY to see if you may qualify for this credit.

**30 Other Credits (from Schedule Z, Part I)  
Lead Paint Credit, Economic Opportunity Area  
Credit, Full Employment Credit, Septic Credit  
and Brownfields Credit**

"Other credits" include the items listed above and must be included on Schedule Z, Part I. Nonresidents and part-year residents, enter the total from Schedule Z, line 1 on Form 1-NR/PY, line 30. Be sure to enclose Schedule Z with your return. Failure to do so will delay the processing of your return. See Schedule Z instructions on page 30.

**31 Credits for Part-Year Residents Only  
(from Schedule Z, Part II)****Credit for Income Tax Paid to Another State  
or Jurisdiction and Energy Credit**

"Credits for part-year residents only" include the items listed above and must be included on Schedule Z, Part 2. Part-year residents, enter the total from Schedule Z, line 2 on Form 1-NR/PY, line 31. Be sure to enclose Schedule Z with your return. Failure to do so will delay the processing of your return. See Schedule Z instructions on page 30.

**34 Voluntary Contributions**

You may contribute any amount to the following funds. Remember, these amounts are added to your tax. They increase the amount of your payment or reduce the amount of your refund.

a. **Organ Transplant Fund:** The Organ Transplant Fund is administered by the Massachusetts Department of Health. All contributions received by the Fund assist patients with the

costs of medications without which they might lose their transplanted organs. Patients assisted by the Fund are not eligible for other forms of assistance.

b. **Endangered Wildlife Conservation:** The Natural Heritage and Endangered Species Fund is administered by the Department of Fisheries, Wildlife and Environmental Law Enforcement to provide conservation, protection and restoration of rare, endangered and nongame wildlife and plants in the Commonwealth.

c. **Massachusetts AIDS Fund:** The Massachusetts AIDS Fund is administered by the Massachusetts Department of Public Health. Contributions are used for research, experimental treatment and education related to Acquired Immune Deficiency Syndrome (AIDS). Massachusetts residents living with AIDS receive experimental treatment through clinical trials which are wholly supported with this Fund. The Fund also educates people with AIDS about treatment options and how to gain access to medication and experimental treatment.

d. **Massachusetts United States Olympic Fund:** Contributions to this fund are used to assist Massachusetts residents in paying all or part of any costs associated with the development, maintenance and operation of the United States Olympic Team participating in the Olympics.

Add items a, b, c, and d and enter the total in line 34.

**36 Massachusetts Income Tax Withheld**

This represents all income taxes withheld for the Commonwealth of Massachusetts as indicated on your copies of Forms W-2, W-2G and certain 1099s, if applicable. Enter the total of all Massachusetts withholdings in line 36. Attach, with a single staple, state copies to your return; otherwise, your claim of amounts withheld will not be allowed. If you have lost any state copy, ask the payer for a duplicate. Copies of 1099s need only be attached if they show an amount for Massachusetts tax withheld.

**37 1998 Overpayment Applied to Your 1999  
Estimated Tax**

Include the exact amount of any 1998 overpayment you applied to your 1999 estimated taxes. This amount can be found on your 1998 Mass. Form 1-NR/PY, line 43 or Form 1, line 38. Do not include any 1998 refund in this line.

**38 1999 Massachusetts Estimated Tax  
Payments**

If you paid Massachusetts estimated income taxes for 1999, enter in line 38 the total of all Massachusetts estimated tax payments, but do not include the amount entered in line 37. Be sure to include any last quarter (of 1999) payment made on or before January 18, 2000.

Every taxpayer (whether a resident or nonresident) who expects to pay more than \$200 in Massachusetts income taxes on income which is not covered by Massachusetts withholding must pay Massachusetts estimated taxes using Massachusetts Form 1-ES, Estimated Income Tax Vouchers. These forms are available at any Department of Revenue location.

Income which is not subject to withholding includes:

- ▶ salaries or wages earned in Massachusetts where the employer is not subject to Massachusetts withholding;
- ▶ unemployment compensation (if you did not elect voluntary Massachusetts withholding);
- ▶ taxable REMIC income;
- ▶ dividends and interest, including interest from Massachusetts banks;
- ▶ gains from capital assets;
- ▶ income from an individual trade, business, profession, partnership or S corporation;
- ▶ income from any estate or trust not taxed directly;
- ▶ lottery or gambling winnings;
- ▶ certain pensions;
- ▶ rental income and royalty income;
- ▶ alimony received (**part-year** residents only);
- ▶ illegal income; and
- ▶ any other income received taxable in Massachusetts from which Massachusetts tax will **not** be withheld.

## 39 Earned Income Credit

Taxpayers who qualify for and claim the federal earned income credit are allowed a refundable credit equal to 10% of the federal amount. Enter in line 39a the federal earned income credit amount from your U.S. Form 1040, line 59a, 1040A, line 37a; 1040EZ, line 8a; or U.S. Telefile Tax Record, item K. Multiply this amount by .10 (10%) and enter the result in the line provided.

**Nonresidents**, multiply this amount by line 14g; **part-year residents** multiply this amount by line 2. Enter the result in line 39. Then, enter the number of qualifying children, if any, and their Social Security number(s) in the spaces provided.

If you choose to have the IRS compute your federal earned income credit, wait until the IRS notifies you of that amount before making an entry in line 39. If you have not received your earned income credit amount as computed by the IRS by April 18, 2000, you may file Massachusetts Form M-4868, Application for Automatic Six-Month Extension of Time to File Massachusetts Income Tax Return.

## 40 Payments Made with Extension

If you filed an Application for Automatic Six-Month Extension of Time to File Massachusetts Income Tax Return, Massachusetts Form M-4868, for 1999 on or before April 18, 2000, enter in line 40 the amount you paid with Form M-4868. Enclose a copy of Massachusetts Form M-4868 with your return. If you are ap-

plying for an extension and either owe no tax or choose to pay your tax due by Mastercard, Visa, Discover or Novus brand card, you may file your extension by touch-tone telephone (see page 10 for more information) or if you owe no tax, you may substitute U.S. Form 4868 for the Massachusetts extension form. Be sure to indicate on the form that this extension is for Massachusetts purposes.

## 41 Capital Gains Tax Credit Carryover from Previous Years

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 41 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](http://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.

# Refund Amount

## 43 Overpayment

If line 35 is smaller than line 42, subtract line 35 from line 42 and enter the amount in line 43. This is the amount of your overpayment. If line 35 is larger than line 42, skip to line 46.

## 44 Amount of Overpayment You Want Applied to Your 2000 Massachusetts Estimated Taxes

Enter the amount of your 1999 overpayment you wish to apply to your 2000 Massachusetts estimated taxes. Once an election is made to apply your overpayment to your 2000 estimated tax, it cannot be refunded later or applied to any additional tax you may owe for 1999. The amount entered in this line can only be claimed as a credit on your 2000 Massachusetts return.

## 45 Refund Amount

Subtract line 44 from line 43. Enter the result in line 45. This is the amount of your refund.

# Tax Due

## 46 Tax Due

If line 35 is larger than line 42, subtract line 42 from line 35, and enter the result in line 46. This is the amount of tax you owe with your return. Pay in full with your return. Make your check or money order payable to Commonwealth of Massachusetts and write your Social Security number on the front of your check or money order in the lower left corner. Complete and remove Form PV, Massachusetts Income Tax Payment Voucher, attached to the back of the "Payment Due" envelope found in this booklet. Staple the check to the front of Form PV and enclose Form PV with your return.

Failure to file or failure to pay the proper amount of tax when due will result in an increasing amount of interest and penalties. It is advantageous to file when your return is due even if you are unable to make full payment.

If you owe any interest, penalty or addition for the underpayment of estimated taxes, add those amounts to the tax you owe and enter the total amount in line 46.

### What Are the Interest and Penalties?

**Interest:** If you fail to pay the tax when due, interest will be charged. For further information, see TIR 92-6 or call the Customer Service Bureau at (617) 887-MDOR or toll-free in Massachusetts at 1-800-392-6089.

**Penalty for Late Payment:** The penalty for late payment is  $\frac{1}{2}\%$  of the tax due per month (or fraction thereof), up to a maximum of 25%.

**Penalty for Failure to File:** 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%. If you were required to file a tax return for income received in any prior year and you did not file, you must file for that prior year.

**Penalty for Protested ("Bad") Check:** If your check is not honored by your bank because of insufficient funds or any other reason, a penalty may be added equal to 2% of the amount of the check or \$10, whichever is greater, but no more than the amount of the check.

**Addition for Underpayment of Estimated Taxes:** You will generally be subject to this addition to tax if you did not have withholding and/or estimated tax payments equal to 80% of the total tax liability required to be paid and your 1999 tax due after credits and withholding is greater than \$200. If you failed to meet this requirement, you must complete and attach Massachusetts Form M-2210 to calculate the amount you must add to line 46. The 80% requirement is reduced to 66 $\frac{2}{3}\%$  for individuals who receive two-thirds of their income from fishing or farming.

Most taxpayers who qualify for an exception had either a tax due of \$200 or less or withholding and/or estimated payments equal to their tax liability for the previous year. If you qualify for

an exception, fill in the oval marked "EX" under line 46 on Form 1-NR/PY and enclose Massachusetts Form M-2210. You do not have to complete Form M-2210 if the balance due with your return is \$200 or less.

**Penalty for Failure to Report Federal Changes:** If the U.S. Internal Revenue Service changes your income for any prior year (generally through audit), file Massachusetts Form 33X together with any required schedules or additional payments within one year of the final federal determination to avoid this penalty. This penalty is equal to the smaller of 10% of the additional tax due, or \$100. If the change indicates a refund, you must file Massachusetts Form 33X within one year, including acceptance of an amended federal return by the Internal Revenue Service.

## Sign Here

Enter the street address, city or town, and state or foreign country where you were a legal resident (domiciled) in 1999. For an explanation of legal residence or domicile, refer to the information on page 8.

Now that you have completed Form 1-NR/PY, sign your name. Your spouse must also sign if this is a joint return. Please note that the signature area is at the bottom of page 3 of Form 1-NR/PY. Write the date you signed the return. Also, please enter the phone number where you can be reached during the day. This will enable us to contact you if there are any problems processing your return. Like all information requested by DOR, your phone number will remain confidential.

Attach to your Form 1-NR/PY, with a single staple, all state copies of your Forms W-2, W-2G and any Forms 1099 which included Mass. withholding. If making a payment, be sure to staple your check or money order to the front of Form PV and enclose Form PV with your Form 1-NR/PY. Form PV is attached to the back of the "Payment Due" envelope found in this booklet. Make your check or money order payable to Commonwealth of Massachusetts, and be sure to sign the check and write your Social Security number on it. Be sure to include all three pages of Form 1-NR/PY. Also, enclose all required Massachusetts forms and schedules. Please enclose schedules and forms first, followed by Mass. Form M-2210, then Mass. Form M-4868, if applicable. Do not staple your forms together.

If you are expecting a refund or if you have no tax due, use the orange envelope that came with this booklet. If you do not have one, mail Form 1-NR/PY to:

**Massachusetts Department of Revenue**  
**PO Box 7054**  
**Boston, MA 02204**



If you have a tax due, use the purple envelope that came with this booklet. If you do not have one, mail Form 1-NR/PY to:

**Massachusetts Department of Revenue**  
**PO Box 7003**  
**Boston, MA 02204**

**Note:** Schedule lines without specific instructions are considered to be self-explanatory. Be sure to list on each schedule the name and Social Security number that appears first on Form 1-NR/PY. Do not cut or separate schedules.

## Schedule NTS-L-NR/PY

### Massachusetts Adjusted Gross Income for No Tax Status

Massachusetts Adjusted Gross Income (Mass. AGI) is not the same as taxable income. Mass. AGI includes all:

- ▶ wages, salaries, tips;
- ▶ taxable pensions and annuities;
- ▶ pension income from another state or jurisdiction before any deductions;
- ▶ taxable IRA/Keogh and Roth IRA distributions;
- ▶ fees and unemployment compensation;
- ▶ income or loss from a business or profession;
- ▶ income or loss from partnerships, S corporations and trusts;
- ▶ rents, royalties and REMIC income;
- ▶ alimony and other 5.95% income;
- ▶ interest from Massachusetts banks before exemption; and
- ▶ interest, dividends, and capital gains.

▶ The No Tax Status provision applies if your Mass. AGI on Schedule NTS-L-NR/PY (line 8) is \$8,000 or less if single; \$14,400 or less plus \$1,000 per dependent if head of household, or \$16,400 or less plus \$1,000 per dependent if married filing a joint return.

**Note:** If married, you must file a joint return in order to qualify for No Tax Status. For purposes of computing No Tax Status all losses must be entered as "0."

### 7 Income Not Taxable by Massachusetts

Nonresidents, enter the amount from Form 1-NR/PY, line 14e. Part-year residents, enter income earned while a nonresident.

### 8 Massachusetts Adjusted Gross Income

If you paid tuition to a two- or four-year college for yourself or a dependent, you may be entitled to a deduction equal to the amount by which the tuition payments, less any scholarships, grants or financial aid received, exceed 25% of line 8. See Schedule Y, line 7 worksheet in instructions.

Add lines 3 through 7. If you are single and the total in line 8 is \$8,000 or less, you qualify for No Tax Status. Fill in the oval in Form 1-NR/PY, line 27, enter "0" in line 28 and omit lines 29–32.

Also, enter "0" on line 33 and continue on Form 1-NR/PY. If you are single but do not qualify for No Tax Status and your total in line 8 is \$14,000 or less, go to line 11 to see if you qualify for the Limited Income Credit. If married filing jointly or head of household, go to line 9.

### 9 No Tax Status for Married Filing Jointly or Head of Household

If married and filing a joint return, multiply the number of dependents (from Form 1-NR/PY, line 4b) by \$1,000 and add \$16,400 to that amount. If head of household, multiply the number of dependents (from Form 1-NR/PY, line 4b) by \$1,000 and add \$14,440 to that amount. Enter the result here. If line 8 is less than or equal to line 9, you qualify for No Tax Status. Fill in the oval in Form 1-NR/PY, line 27, enter "0" in line 28 and omit lines 29–32. Also, enter "0" in line 33 and continue on Form 1-NR/PY.

### 10 Limited Income Credit Threshold

If you do not qualify for No Tax Status and you are married and filing a joint return, multiply the number of dependents (from Form 1-NR/PY, line 4b) by \$1,750 and add \$28,700 to that amount. If head of household, multiply the number of dependents (from Form 1-NR/PY line 4b) by \$1,750 and add \$25,200 to that amount. Enter the result here. If line 8 is less than or equal to line 10, you may qualify for the Limited Income Credit. Go to line 11.

### 11 No Tax Status Threshold

Enter \$8,000 if single. If married and filing a joint return or head of household, enter the amount from line 9.

### 15 Limited Income Credit

If line 13 is smaller than line 14, you are not eligible for this credit. If line 13 is larger than line 14, subtract line 14 from line 13, and enter the result here and in line 29 on Form 1-NR/PY.

## Schedule F

### Credit for Income Taxes Paid to Other Jurisdictions (for Part-Year Residents Only)

**Income Tax Paid to Another State:** If all or part of the income reported on this return is subject to taxation in another state or specified jurisdiction and you have filed a return and paid taxes in the other state or jurisdiction, complete Schedule F to calculate the credit and enclose a copy of your return filed with another state or jurisdiction. Do not include taxes paid to the U.S. government. (This credit does not apply to city or local taxes.) You are allowed to claim a credit for taxes paid to the following jurisdictions: (a) other states in the United States; (b) any territory or dependency of the United States (including Puerto Rico, the Virgin Islands, Guam, the District of Columbia); or (c) the

Dominion of Canada or any of its provinces (less any U.S. credit amount allowable from U.S. Form 1116).

**Note:** Canada is the only foreign country for which you may claim a tax credit for income tax paid to another state or jurisdiction on this schedule.

The total credit which you calculate on this schedule is the smaller of the amount of taxes due to other jurisdictions (net of certain adjustments) or the portion of your Mass. tax due on your gross income that is taxed in such other jurisdictions.

Credit is not given for a property tax due to another jurisdiction on account of capital stock or property. This does not refer to a tax on gain or income from the sale of capital stock or property, as included on Schedule B or D. Credit is also not given for any interest and penalties paid on a tax due to another jurisdiction.

You must complete separate schedules if you had 5.95% and interest income (other than interest from Mass. banks), dividends or capital gain income taxed by another jurisdiction. If you use this schedule to calculate a credit for interest income (other than interest from Mass. banks), dividends or capital gain income, substitute interest income (other than interest from Mass. banks), dividends or capital gain income for 5.95% income in line 1. You must also substitute Schedule B, line 11 (interest and dividend income and taxable 12% capital gains) or Schedule D, line 12, columns A, B, C and D (gross long-term capital gains and losses), but not less than "0," for Form 1-NR/PY, line 12 in line 2 of the schedule, and the total of Form 1-NR/PY, line 23b multiplied by .0595 and Form 1-NR/PY, line 25 (tax on interest and dividend income and 12% tax) or line 26 (tax on long-term capital gains) for Form 1-NR/PY, line 23a in line 4 of the schedule.

**Note:** When using this schedule to calculate credit for interest income (other than interest from Mass. banks), dividends or capital gain income, enter in line 1 such income taxed in another jurisdiction calculated as if it was earned in Massachusetts.

## 1 Total 5.95% Income Taxed by Other Jurisdictions

Enter the total 5.95% income on which you paid taxes to another jurisdiction.

## 4 Massachusetts Tax on 5.95% Income

Multiply Form 1-NR/PY, line 23a by .0595, less any Limited Income Credit from Form 1-NR/PY, line 29.

## 6 Income Tax Paid to Other Jurisdictions

Enter the total tax paid to other jurisdictions on income also reported on this return. The credit is limited to the amount of tax paid. If the tax was paid to Canada, the amount reported in this line must be reduced by the amount claimed as a foreign tax credit on U.S. Form 1040, line 46.

## 7 Allowable Credit

Enter the smaller of lines 5 or 6 here and on Schedule Z, line 2, and fill in the appropriate oval on Schedule Z, line 2.

# Schedule X

## Other Income

Be sure to enclose with Form 1-NR/PY.

## 1 Alimony Received (Part-Year Residents Only)

If you received alimony payments, you must report them as income in line 1 of Schedule X. Report the portion of all periodic payments of alimony or separate maintenance received under a court judgment or decree, or for excess alimony amounts recaptured, as reported on U.S. Form 1040, line 11, received while you were a Massachusetts resident. If you made alimony payments, you will be allowed to deduct these amounts in line 19.

## 2 Taxable IRA/Keogh and Roth IRA Distributions (Part-Year Residents Only)

Complete the following Schedule X, line 2 worksheet to calculate the taxable portion of any amount you received as an Individual Retirement Account (IRA), Keogh or Roth IRA distribution while a resident of Mass., whether derived from sources inside or outside of Mass. Since Massachusetts does not allow a deduction for amounts originally contributed to an IRA or Keogh, the distributions are not taxable until the full amount of your contributions which were previously subject to Massachusetts taxes are recovered.

► Contributions made to Keogh accounts prior to 1975 were deductible when made. Therefore, no deduction may be taken from a Keogh distribution for amounts contributed before 1975.

Massachusetts generally adopts the federal conversion rules for partial or complete rollovers from existing IRAs to Roth IRAs. Generally, the rollover amount is treated as a distribution and included in federal gross income to the extent it is attributable to investment growth or previously deducted contributions. A special four-tax-year averaging rule applies, at the election of the taxpayer, whereby the taxable portion of the 1998 rollover amount is included in gross income evenly over four taxable years beginning in 1998. This election applies for Massachusetts purposes, however, only the portion previously not subject to Massachusetts taxation will be included in Massachusetts gross income evenly over four tax years. See Technical Information Release 98-8, *Massachusetts 1998 Reducing Income Taxes Act*, for further details.

If you have Roth IRA distributions during the four-year-spread that are treated federally as an accelerated income inclusion (i.e. a greater proportion of the income is included in an earlier

tax year), you must also treat the distribution as an accelerated income inclusion for Massachusetts purposes.

**Example:** Federally, you have \$800 of gross income from a 1998 Roth IRA conversion that is included evenly (\$200 each tax year) over four tax years. For Massachusetts purposes, you will include \$400 of gross income (\$100 each tax year), because \$400 of the 1998 Roth IRA conversion was attributed to contributions previously subject to Massachusetts taxation. In 1999 you received additional Roth IRA distributions that for federal tax purposes resulted in an accelerated income inclusion. For federal purposes the remaining three tax years will include \$300 in 1999, \$200 in 2000 and \$100 in 2001. For Massachusetts purposes, the remaining tax years will include \$150 in 1999, \$100 in 2000 and \$50 in 2001.

**Schedule X, Line 2 Worksheet — Taxable IRA/Keogh Plan and Roth IRA Conversion Distributions (Part-Year Residents Only)**

Report only IRA/Keogh distributions and/or Roth IRA conversion distributions occurring while a resident of Massachusetts.

If completing the worksheet to report conventional IRA/Keogh distributions or Roth IRA conversion distributions, complete lines 1 through 5, omit lines 6 through 9 and complete line 10.

If completing the worksheet to report Roth IRA conversion distributions if four-year tax averaging was elected on your 1998 US tax return, omit lines 1 through 5 and complete lines 6 through 10.

**Note:** If during 1999 you received a distribution from a Roth IRA that was treated as an accelerated income inclusion for federal tax purposes, you must also treat the distribution as an accelerated income inclusion for Massachusetts purposes. See the example in the instructions for further details.

If completing the worksheet to report conventional IRA/Keogh distributions, Roth IRA conversion distributions occurring in 1999 and Roth IRA conversion distributions if four-year tax averaging was elected on your 1998 US tax return, complete lines 1 through 10.

Roth IRA distributions are taxable in Massachusetts to the extent they are federally taxable. Report taxable 1999 Roth IRA distributions on line 10.

**Line 1.** Total IRA/Keogh plan distributions and Roth IRA conversion distributions received while a resident of Massachusetts during 1999 . . . . .

**Line 2.** Total contributions previously taxed by Massachusetts . . . . .

**Line 3.** Total distributions received in previous years . . . . .

**Line 4.** Subtract line 3 from line 2. If line 3 is larger than line 2, enter "0" . . . . .

**Line 5.** Taxable IRA/Keogh distributions. Subtract line 4 from line 1 and enter the result here. Not less than "0" . . . . .

**Note:** Complete lines 6–9 only if during 1998 you received Roth IRA conversion distributions and elected four-year tax averaging on your 1998 US tax return. Otherwise go to line 10.

**Worksheet continues on next column ...**

**... continued from previous column**

**Line 6.** Total 1998 Roth IRA conversion distributions if four-year tax averaging elected on 1998 US tax return . . . . .

**Line 7.** Amount of contributions in line 6 that were previously taxed by Massachusetts . . . . .

**Line 8.** Subtract line 7 from line 6. Not less than "0" . . . . .

**Line 9.** Divide line 8 by 4 . . . . .

**Line 10.** 1999 taxable Roth IRA conversion distributions if four-year tax averaging elected on your 1998 US tax return. Multiply line 9 by Form 1-NR/PY, line 2. . . . .

**Line 11.** Total taxable IRA/Keogh, 1999 Roth IRA conversion distributions, 1999 taxable Roth IRA distributions and 1998 Roth IRA conversion distributions (if four-year tax averaging was elected). Add line 5 and line 10 and enter the result here and in line 2 on Schedule X. . . . .

### 3 Massachusetts State Lottery Winnings

Enter in Schedule X, line 3 all winnings from the Massachusetts state lottery. Do not enter less than "0." You may only deduct the price of your winning ticket. Lottery losses are not deductible under Massachusetts law. Lottery losses claimed as itemized deductions on U.S. Form 1040, Schedule A are not allowed on your Mass. return.

### 4 Other Gambling Winnings

Enter in Schedule X, line 4 all gambling winnings from raffles, races, beano or other events of chance held in Massachusetts (part-year residents, whether held inside or outside of Massachusetts). Do not enter less than "0." You may only deduct the price of the winning ticket. Gambling losses are not deductible under Massachusetts law. Gambling losses claimed as itemized deductions on U.S. Form 1040, Schedule A are not allowed on your Massachusetts return.

### 5 Fees and Other 5.95% Income

"Other 5.95% income" includes the following items. Enter the amounts and sources of each item. Do not enter less than "0." Enclose additional statements if more space is needed.

► All fee income, such as payments for jury duty, election worker payments, director's fees, compensation received as executor or administrator of an estate, and commission income or tips not reported in line 5 of Form 1-NR/PY is taxable. Also, report all bartering income not reported on Schedule C (the fair market value of goods or services received in payment for your services).

► All prizes and awards won by a nonresident in a quiz program, drawing, beauty contest, etc. held in Massachusetts (part-year residents, whether held inside or outside of Mass.) are taxable at fair market value. Awards and bonuses received from your employer for performance of services in Massachusetts (part-

year residents, whether received from sources inside or outside of Massachusetts) are also taxable.

• Other 5.95% income from Massachusetts sources or received while a part-year resident, reported on U.S. Form 1040, line 21, and not reported elsewhere in "5.95% Income" section on Mass. Form 1-NR/PY, must be reported in line 5 of Schedule X.

• Pre-1996 installment sales classified as ordinary income for Massachusetts purposes are taxed as 5.95% income and must be reported on Schedule X, line 5.

• Embezzled or other income from illegal activities from Massachusetts sources or received while a part-year resident is taxable.

## 6 Total

Add lines 1 through 5 and enter the total in line 6 of Schedule X and on line 11 of Form 1-NR/PY. Be sure to enclose Schedule X with your return. Failure to do so will delay the processing of your return.

# Schedule Y

## Other Deductions

Be sure to enclose with Form 1-NR/PY.

## 1 Allowable Employee Business Expenses

Generally, reimbursed employee business expenses are not included in your wages or salary and therefore are not allowed as deductions. However, there are unreimbursed and certain reimbursed expenses for which you are allowed a deduction. Complete the following worksheet in order to calculate your Mass. employee business expense deduction. The expenses must relate to income reported in lines 5 or 11 on Form 1-NR/PY.

Employees may deduct the following:

- unreimbursed travel and transportation expenses including lodging and meals away from home incurred by any employee; and
- all federally deductible unreimbursed employee business expenses, if the employee is a salesperson who solicits business for an employer away from the employer's place of business.

Unreimbursed expenses are only deductible if all of the following conditions are met:

- you itemize deductions;
- you file a joint return in Massachusetts, if you also filed a joint U.S. return; and
- your unreimbursed business expenses taken together with the other miscellaneous itemized deductions reported on U.S. Form 1040, Schedule A, lines 20, 21 and 22 exceed 2% of

your federal adjusted gross income reported on U.S. Form 1040, Schedule A, line 25. See the following Schedule Y, line 1 worksheet.

If you are a qualified performing artist or a fee-basis state or local government official, do not complete the worksheet. Enter on Schedule Y, line 5 your federally deductible business expenses included on U.S. Form 1040, line 32 and fill in the appropriate oval in Schedule Y, line 5. On the dotted line next to line 5, be sure to indicate the type of deduction being taken, as identified on U.S. Form 1040, line 32. For example, qualified performing arts-related expenses should be identified as "QPA" and employee business expenses of fee-basis state or local government officials should be identified as "FBO." Enclose U.S. Form 2106 or 2106-EZ with your return.

### Schedule Y, Line 1 — Massachusetts Employee Business Expense Deduction Worksheet

- A.** Enter the amount from U.S. Form 2106, line 10, or 2106-EZ, line 6 . . . . .
- B.** If you are an employee other than an outside salesperson, add the amount of unreimbursed expenses included in U.S. Form 2106 or 2106-EZ, line 4 to the amount of unreimbursed meals and entertainment expenses included in U.S. Form 2106 or 2106-EZ, line 5, **except** for meals incurred while away from home. Enter the result here . . . . .
- C.** If you are an individual with a disability, enter the amount of impairment-related expenses included in item A and claimed on line 27 of U.S. Schedule A . . . . .
- D.** Subtract items B and C from item A, and enter the result here . . . . .
- E.** Enter the amount from U.S. Schedule A, line 26 . . . . .
- F.** Enter the smaller amount of Item D or E here and on Schedule Y, line 1 . . . . .
- Be sure to enclose U.S. Form 2106 or 2106-EZ with your return.

## 2 Penalty on Early Savings Withdrawal

If you were charged a penalty because of early withdrawal of savings, and interest on the savings that such a penalty relates to is reported in line 7a or 23b of this return or on a prior year Massachusetts return, you may deduct the penalty. This deduction is the same as the amount allowable on U.S. Form 1040, line 30. Enter this amount in line 2 of Schedule Y.

## 3 Alimony Paid

This deduction includes only amounts paid by you to your former spouse during 1999 for alimony or separate maintenance under court decree, or for excess alimony amounts recaptured. Nonresidents, multiply the amount of alimony paid on your U.S. Form 1040, line 31a, by Form 1-NR/PY, line 14g to determine the amount you may claim against Massachusetts income. Enter the result in line 3. Part-year residents, enter the amount of alimony paid while a Mass. resident in line 3. Enter the recipient's Social Security number in the space provided on Schedule Y, line 3.



#### **4 Amounts Excludible Under MGL Ch. 41, Sec. 111F or U.S. Tax Treaty Included in Form 1-NR/PY, Line 5.**

Massachusetts allows an exclusion from income of amounts received by a firefighter or police officer incapacitated in the line of duty, per MGL Ch. 41, sec. 111F, and an exclusion from income of amounts received by qualifying students exempt under a U.S. tax treaty.

Enter any excludible amount of income received while you were a firefighter or police officer incapacitated in the line of duty in line 4 of Schedule Y that was included in Form 1-NR/PY, line 5, and fill in the appropriate oval. Be sure to enclose a statement from your employer.

If you were a qualifying student, enter any excludible amount of income received that was exempt under a U.S. tax treaty in line 4 of Schedule Y that was included in Form 1-NR/PY, line 5, and fill in the appropriate oval. Enter the country name, the income code number and the tax treaty article citation in the spaces provided. Be sure to enclose U.S. Form 1042-S.

#### **5 Other Qualified Deductions**

You may claim **only** the following deductions for Schedule Y, line 5. If you are entitled to claim any of the deductions in line 5, fill in the appropriate ovals and enter the total amount in line 5.

► **Student Loan Interest Deduction:** Nonresidents, multiply the amount from U.S. Form 1040, line 24 (not to exceed \$1,500 for tax year 1999) by line 14g and fill in the appropriate oval in line 5 of Schedule Y. Part-year residents, multiply the amount from U.S. Form 1040, line 24 (not to exceed \$1,500 for tax year 1999) by line 2 and fill in the appropriate oval in line 5 of Schedule Y.

► **Medical Savings Account (MSA) Deduction:** Nonresidents, multiply the amount from U.S. Form 1040, line 25 by line 14g, enclose U.S. Form 8853 and fill in the appropriate oval in line 5 of Schedule Y. Part-year residents, multiply the amount from U.S. Form 1040, line 25 by line 2, enclose U.S. Form 8853 and fill in the appropriate oval in line 5 of Schedule Y.

► **Moving Expenses:** Nonresidents and part-year residents, enter the amount from U.S. Form 1040, line 26 that is related to Massachusetts employment, enclose U.S. Form 3903 and fill in the appropriate oval in line 5 of Schedule Y.

► **Self-Employed Health Insurance Deduction:** Due to differences between the Internal Revenue Code as amended and in effect as of January 1, 1998 and the current year, only 45% of the qualified insurance payments are deductible for Massachusetts purposes for the 1999 tax year. As a result, you must complete a pro forma version of the U.S. Self-Employed Health Insurance Deduction Worksheet using .45 (45%) in line 2 of the worksheet. Enter the result here and fill in the appropriate oval

in line 5 of Schedule Y. Nonresidents and part-year residents, this amount must be related to Massachusetts employment.

► **Certain Qualified Deductions from U.S. Form 1040:** **Do not include** any amounts reported on U.S. Form 1040, lines 23 through 31a that are included in Form 1040, line 32 total. Enter **only** amounts included in U.S. Form 1040, line 32 as an adjustment, **except** amounts contributed to section 501(c)(18) pension plan. For Massachusetts purposes, contributions to section 501(c)(18) pension plans are not deductible. Nonresidents, if you are claiming a deduction for clean-fuel vehicles, multiply that amount by Form 1-NR/PY, line 14g; part-year residents, if you are claiming a deduction for clean-fuel vehicles, multiply that amount by Form 1-NR/PY, line 2. The following deductions may be claimed only if they are related to Massachusetts income as included in Form 1-NR/PY, line 12: qualified performing arts-related expenses; jury duty pay given to your employer; reforestation amortization; repayment of supplemental unemployment benefits under the Trade Act of 1974; employee business expenses of fee-basis state or local government officials; and deductible expenses related to income reported on U.S. Form 1040, line 21 and Massachusetts Schedule X, line 5 from the rental of personal property engaged in for profit. If you are entitled to claim any of these deductions, fill in the appropriate oval in line 5 of Schedule Y. On the dotted line next to line 5, be sure to indicate the type of deduction being taken, as identified on U.S. Form 1040, line 32. For example, qualified performing arts-related expenses should be identified as "QPA"; jury duty pay given to your employer should be identified as "Jury Pay"; reforestation amortization should be identified as "RFST"; repayment of supplemental unemployment benefits under the Trade Act of 1974 should be identified as "Sub-Pay TRA"; the deduction for clean-fuel vehicles should be identified as "Clean-Fuel"; employee business expenses of fee-basis state or local government officials should be identified as "FBO"; and deductible expenses related to income reported on U.S. Form 1040, line 21 and Massachusetts Schedule X, line 5 from the rental of personal property engaged in for profit should be identified as "PPR."

#### **6 Deductible Qualified Contributory Pension Income from Another State or Political Subdivision Included in Form 1-NR/PY, Line 6**

Massachusetts allows a deduction for pension income received from another state or one of its political subdivisions which does not tax such income from Massachusetts or its political subdivisions. For guidelines to determine which state's pensions are exempt in Massachusetts, refer to Technical Information Release (TIR) 95-9. Enter any deductible amount of such income in line 6 of Schedule Y that was included in Form 1-NR/PY, line 6. Be sure to enter the name of the state or political subdivision in the space provided in line 6.

## 7 College Tuition Deduction

A deduction is allowed for tuition payments paid by you, for yourself or a dependent, to a qualifying two- or four-year college. The deduction is equal to the amount by which the tuition payments, less any scholarships, grants or financial aid received, exceed 25% of Massachusetts adjusted gross income. Complete Schedule NTS-L-NR/PY, found on the back of page 3 of Form 1-NR/PY, and the following Schedule Y, line 7 worksheet to see if you may qualify for this deduction. See Technical Information Release (TIR) 97-13 for more information.

### **Schedule Y, Line 7 Worksheet —College Tuition Deduction**

**Line 1.** Enter total tuition payments paid by you, for yourself or a dependent, to a qualifying two- or four-year college in 1999 .....

**Line 2.** Enter amount of scholarships, grants or financial aid received in 1999 for amounts shown in line 1 .....

**Line 3.** Subtract line 2 from line 1. If "0" or less, you do not qualify for this deduction .....

**Line 4.** Enter amount from line 8 of Schedule NTS-L-NR/PY, No Tax Status and Limited Income Credit .....

**Line 5.** Multiply line 4 by .25. ....

**Line 6.** If line 3 is smaller than line 5, you are not eligible for this deduction. Enter "0." If line 3 is larger than line 5, subtract line 5 from line 3 and enter the result here .....

**Line 7.** Part-year residents, multiply line 6 by Form 1-NR/PY, line 2. Enter the result here and in line 7 on Schedule Y. Nonresidents, multiply line 6 by Form 1-NR/PY, line 14g. Enter the result here and in line 7 on Schedule Y. ....

## 8 Total Other Deductions

Add lines 1 through 7 and enter the total in line 8 of Schedule Y and on line 19 of Form 1-NR/PY. Be sure to enclose Schedule Y with your return. Failure to do so will delay the processing of your return.

# Schedule Z

## Other Credits

Be sure to enclose with Form 1-NR/PY.

### 1 Part 1 Credits

► **Lead Paint:** If you incurred expenses for covering or removing lead paint on residential premises in Massachusetts, you may claim a credit for expenses up to \$1,500 for each residential unit. A seven-year carryover of any unused credits is allowed. Strict regulations govern who can remove or cover the lead paint. The basic rules are explained on Mass. Schedule LP, Credit for Removing or Covering Lead Paint on Residential

Premises. If you qualify for the credit, complete and enclose Schedule LP and fill in the appropriate oval in Part 1.

► **Economic Opportunity Area Credit:** Massachusetts allows a credit equal to 5% of the cost of qualifying property purchased for business use within an Economic Opportunity Area (EOA). To qualify for this credit, the property must be used exclusively in a certified project in an EOA. A certified project is a project that has been approved by the Economic Assistance Coordinating Council (EACC). If you qualify for the credit, complete and enclose Schedule EOA and fill in the appropriate oval in Part 1.

► **Full Employment Credit:** Every employer who participates in the Full Employment Program and continues to employ a participant for at least one full month after any Full Employment Program subsidy for that participant has expired may claim the Full Employment Credit. A qualified employer may claim a credit equal to \$100 per month of eligible employment per participant, with a maximum credit of \$1,200 per participant. Qualified participants and employers are those who participate in the Full Employment Program under the rules of the Department of Transitional Assistance (DTA). A five-year carryover of any unused credit is allowed. If you qualify for this credit, complete and enclose Massachusetts Schedule FEC, Full Employment Credit, and fill in the appropriate oval in Part 1.

► **Septic Credit:** An owner of residential property located in Massachusetts who occupies the property as his or her principal residence is allowed a credit of a maximum of \$1,500 per taxable year for expenses incurred to comply with the sewer system requirements of Title V as promulgated by the Department of Environmental Protection or to connect to a municipal sewer system pursuant to a federal court order, consent decree or similar mandate. The amount of the credit is 40% of the cost, up to \$15,000, for design and construction expenses for repair or replacement of a failed cesspool or septic system. The maximum aggregate amount of the credit is \$6,000. A five-year carryover of any unused credit is allowed. See TIRs 97-12, 98-8 and 99-5 for more information. If you qualify for this credit, complete and enclose Massachusetts Schedule SC, Septic Credit, and fill in the appropriate oval in Part 1.

► **Brownfields Credit:** Taxpayers are allowed a credit for amounts expended to rehabilitate contaminated property owned or leased for business purposes and located within an economically distressed area. In general, the credit is 25% or 50% of certain environmental response and removal costs incurred between August 1, 1998, and January 1, 2005. The credit that may be taken in any taxable year is limited to 50% of the taxpayer's tax liability. A five-year carryover of unused credit is allowed, provided the taxpayer continues to maintain the remedies required by law. See TIR 99-13 for more information.

Nonresidents and part-year residents, enter the total amount of all credits claimed in Part 1 in Schedule Z, line 1 and enter line 1 total on Form 1-NR/PY, line 30. Part-year residents, complete line 2, if applicable.

## 2 Part 2 Credits for Residents and Part-Year Residents Only

► **Income Tax Paid to Another State:** If any of the income reported on this return is subject to taxation in another state or jurisdiction and you have filed a return and paid taxes in the other state or jurisdiction, complete Schedule F on the back of page 3 of Form 1-NR/PY to calculate the credit. See Schedule F instructions. Be sure to enclose a copy of your return filed with another state or jurisdiction and fill in the appropriate oval in Part 2.

► **Energy:** If you had expenditures for certain renewable energy source items, such as equipment which uses or transmits solar or wind energy to heat, cool, or provide hot water for your principal residence in Massachusetts, you may qualify for a credit. Massachusetts does not allow a credit for expenditures on items such as: insulation, storm or thermal windows or doors, caulking, weather-stripping, heat pumps (air and water), wood burning stoves or furnaces, and costs for energy conservation. If you qualify for the credit, complete and enclose Massachusetts Schedule EC, Residential Energy Credit, and fill in the appropriate oval in Part 2.

Part-year residents, enter the total amount of the credits claimed in Part 2 in Schedule Z, line 2 and enter line 2 total on Form 1-NR/PY, line 31.

# Schedule E, Part I

**Note:** If showing a loss, be sure to mark over the "X" in the box to the left.

## Rental, Royalty and REMIC Income or Loss

### 2 Massachusetts Differences

Enter and explain any amounts or differences included in line 1 which are not taxable to you in Massachusetts or which have already been taxed on a Massachusetts return. Explain the differences in the space provided or attach an additional sheet if necessary. Possible differences include:

**Nonresidents.** Enter any rental, royalty or REMIC income or losses included in line 1 which is not Mass. source income and thus not taxable to you as a nonresident. Massachusetts source rental income must be from real or tangible personal property located in Massachusetts.

**Part-year residents.** Enter any rental, royalty or REMIC income or losses included in line 1 you received while you were not a resident of Massachusetts.

## Trust Provisions

Enter any rental or royalty income or losses shown on your U.S. return that is taxed on a Massachusetts Fiduciary Return, Form 2.

## Deductible Royalties from U.S. Energy Conservation Patents

Enter any income you received from U.S. patents that are approved by the Mass. Division of Energy Resources as being useful for energy conservation or for alternative energy development. Request approval from the Division of Energy Resources, Attention: General Counsel, 100 Cambridge St., Rm. 1500, Boston, MA 02202, or call (617) 727-4732. Enclose a copy of such approval to your tax return. If such approved income is other than royalty income, use the applicable schedule and explain.

## Passive Losses

As a result of differences in U.S. and Massachusetts rules in 1987, the calculations you made for passive losses on your 1987 U.S. and Massachusetts returns may have differed. Differences in amounts reported in 1987 for U.S. and Massachusetts tax purposes should be adjusted when the property is disposed of or the deduction is used up. In addition, passive losses allowed for Massachusetts tax purposes in 1987, but carried over for U.S. tax purposes, cannot be used again for Massachusetts tax purposes when such carryover losses are eventually allowed for U.S. tax purposes.

To the extent there are applicable adjustments for Massachusetts differences, taxpayers must calculate allowable losses on a pro forma U.S. Form 8582, Passive Activity Loss Limitations.

### 4 Abandoned Building Renovation Deduction

In line 4 enter 10% of the costs of renovating a qualifying abandoned building in an Economic Opportunity Area. Enclose a statement detailing the location and cost of renovating the qualifying abandoned building. For further information, contact the Massachusetts Office of Business Development, One Ashburton Place, Room 2101, Boston, MA 02108.

### 5 Total Rental and Royalty Income or Loss for Massachusetts

Subtract line 4 from line 3. Remember to subtract losses when calculating the total. Line 5 should be added to any amounts in Schedule E, Part II, line 8 and/or Part III, line 11 and the total entered on Form 1-NR/PY, line 9.

## Schedule E, Part II

**Note:** If showing a loss, be sure to mark over the "X" in the box to the left.

### Income or Loss from Partnerships and S Corporations

#### 2 Massachusetts Differences

Enter and explain any differences between total partnership and S corporation income on the U.S. return and the same type of income on your Massachusetts return. Enclose an additional statement, if necessary. Refer back to Schedule E, Part I, line 2 instructions for further guidance. If you use information from Massachusetts Schedule 3K-1 or Schedule SK-1, take care not to duplicate adjustments already made for differences in U.S. and Massachusetts tax treatments.

**Nonresidents.** Income or loss included in U.S. Schedule E, Part II, line 31, which is derived from partnerships or S corporations not doing business in Massachusetts is not taxable to you as a nonresident. Also, enter adjustments as differences if your partnerships or S corporations are entitled to apportion income in Massachusetts.

**Part-year residents.** Income or loss from partnerships or S corporations you received while you were not a resident of Massachusetts is not taxable to you as a part-year resident.

#### 4 Abandoned Building Renovation Deduction

In line 4 enter 10% of the costs of renovating a qualifying abandoned building. Enclose a statement detailing the location and cost of renovating the qualifying abandoned building. For further information, refer to the instructions for Schedule E, Part I, line 4.

#### 6 12% Interest and Dividends

Enter 12% interest and dividends from trade or business activity(ies) if included in line 5 from partnerships and S corporations. This income must be entered in Massachusetts Schedule B, line 3. This information should be provided by the partnership or S corporation.

#### 7 Interest from Massachusetts Banks

Enter interest from Massachusetts banks from trade or business activity(ies) if reported in line 5. This income must be reported on Form 1-NR/PY, line 7a. This information should be provided by the partnership or S corporation.

#### 8 Total Income or Loss from Partnerships and S Corporations

Subtract the total of lines 6 and 7 from line 5. Remember to subtract losses when calculating the total. Line 8 should be added to any amounts in Schedule E, Part I, line 5 and/or Part III, line 11 and the total entered on Form 1-NR/PY, line 9.

## Schedule E, Part III

**Note:** If showing a loss, be sure to mark over the "X" in the box to the left.

### Income or Loss from Grantor-Type Trusts and Non-Massachusetts Estates and Trusts

#### 2 Massachusetts Differences

Enter and explain any differences between estate and trust income or loss on the U.S. return and the same type of income on your Mass. return. Refer to Schedule E, Part I, line 2 instructions for further guidance.

#### 4 Abandoned Building Renovation Deduction

In line 4 enter 10% of the costs of renovating a qualifying abandoned building. Enclose a statement detailing the location and cost of renovating the building. For further information, refer to the instructions for Schedule E, Part I, line 4.

#### 6 Estate or Nongrantor-Type Trust Income

Enter estate or nongrantor-type trust income taxed directly on your Mass. Fiduciary Return, Form 2, if included in line 5. If you do not know this amount, check either your U.S. Schedule K-1 or contact your trustee or other fiduciary.

#### 7 Mass. Taxable Income from Estates or Trusts Not Previously Taxed

Subtract line 6 from line 5. Generally, for nonresidents, the only amount entered in line 5 will be the income from grantor-type trusts. Other Massachusetts source income should be taxed at the estate or trust level.

#### 8 12% Interest and Dividends

Enter any 12% interest and dividends if included in line 7 and enter on Massachusetts Schedule B, line 3.

#### 9 Adjustment of 5.95% Income

Enter the total of interest from Massachusetts banks if included in line 7. This income must be reported on Form 1-NR/PY, line 7a. Enter the total of pension and annuity income if included in line 7. This income must be reported on Form 1-NR/PY, line 6.

#### 11 Income or Loss from Grantor-Type and Non-Mass. Estates and Trusts

Subtract line 10 from line 7. Remember to subtract losses when calculating the total. Line 11 should be added to any amount(s) in Schedule E, Part I, line 5 and/or Part II, line 8 and the total entered on Form 1-NR/PY, line 9.



# Schedule B

**Note:** If showing a loss, be sure to mark over the “X” in the box to the left.

## 12% Interest, Dividend and Certain Capital Gains and Losses

Nonresidents and part-year residents must file Mass. Schedule B if you had:

- ▶ dividend income in excess of \$400;
- ▶ any interest income other than from Massachusetts banks taxed at 5.95%;
- ▶ short-term capital gains or losses;
- ▶ carryover short-term losses from prior years;
- ▶ long-term gains on collectibles and pre-1996 installment sales classified as capital gain income for Massachusetts purposes;
- ▶ gains or losses from the sale, exchange or involuntary conversion of property used in a trade or business;
- ▶ net long-term capital gains and losses; or
- ▶ excess exemptions.

Collectibles are defined as any capital asset that is a collectible within the meaning of Internal Revenue Code section 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.

**Nonresidents**, interest and dividends are from Massachusetts sources if they are directly connected with your business activity in Massachusetts. Also, report on Mass. Schedule B the short-term gain or loss realized from the transaction of assets being sold or exchanged which are considered to be from Massachusetts sources. Massachusetts source assets are (1) real or tangible personal property located in Massachusetts and (2) property connected with a Massachusetts trade, business or employment.

Nonresidents need not file Mass. Schedule B if:

- ▶ all your interest and dividend income and certain capital gains was from non-Massachusetts sources;
- ▶ all Massachusetts source interest income you had was from Massachusetts banks and is taxed at 5.95% (reportable on Form 1-NR/PY, line 7a); or
- ▶ your Massachusetts source gross dividend income was \$400 or less (reportable on Form 1-NR/PY, line 23b).

**Part-year residents**, dividend income in excess of \$400 or any interest income other than from Massachusetts banks (reportable on Form 1-NR/PY, line 7a) received while you were a resident of Massachusetts, whether received from sources inside or outside of Massachusetts, must be reported on Mass. Schedule B. Also, short-term gains or losses realized while you were a resident of Massachusetts, whether received from sources inside or outside of Massachusetts, from the sale or

exchange of capital assets or from similar transactions which are granted capital gain or loss treatment on your U.S. return must be reported on Schedule B. Include gains from all property, wherever located.

Part-year residents need not file Mass. Schedule B if all interest income you had that is taxable by Massachusetts was from Mass. banks (reportable on Form 1-NR/PY, line 7a), and your gross dividend income was \$400 or less (reportable on Form 1-NR/PY, line 23b), and 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, net long-term capital gains or losses, or excess exemptions.

▶ Nonresidents and part-year residents must complete Mass. Schedule B if your interest or dividend income includes: dividends taxed directly to trusts or estates on a Massachusetts Fiduciary Return, Form 2; distributions that are returns of capital; or exempt portions of any interest or dividends from a mutual fund or dividends from current earnings of a corporate trust that are taxed directly on a Massachusetts Corporate Trust Return, Form 3F.

▶ You need not complete Schedule B, Part 2 if you do not have any of the following: short-term capital gains or losses; carryover short-term losses from prior years; long-term gains on collectibles and pre-1996 installment sales classified as capital gain income for Massachusetts purposes; gains or losses from the sale, exchange or involuntary conversion of property used in a trade or business and held for one year or less; allowable deductions from your trade or business; net long-term capital gains or losses; or excess exemptions (see line 7 instructions).

## Part 1. 12% Interest and Dividend Income

### 1 Total Interest Income

Enter your total interest income from your U.S. Form 1040 or 1040A, lines 8a and 8b, U.S. Form 1040EZ, line 2, or U.S. Tele-file Tax Record, item C.

### 2 Total Ordinary Dividends

Enter your total ordinary dividends from your U.S. Schedule B, Part II, line 6 (Form 1040) or U.S. Schedule 1, Part II, line 6 (Form 1040A). If you did not file U.S. Schedule B or U.S. Schedule 1, enter the amount from U.S. Form 1040 or 1040A, line 9.

### 3 Other Interest and Dividends

Enter the following amounts and their sources (enclose additional statement if more space is necessary):

▶ Interest from obligations of other states and their political subdivisions (including your share, if any, from a partnership,

an S corporation and a grantor-type trust or non-Massachusetts trust). Do not include exempt interest already included in line 1;

► Taxable distributions from Massachusetts S corporations not reported in Schedule B, line 2. Distributions in excess of the Massachusetts accumulated adjustments account are dividends to the extent of the corporation's Massachusetts accumulated earnings and profits. For more information, see Regulation 830 CMR 62.17A.1;

► Interest and dividends from a partnership, S corporation, grantor-type trust, or non-Massachusetts estate or trust from Massachusetts Schedule E. Generally, portfolio interest and dividend income from partnerships and S corporations should already be included in the Schedule B, line 1 and line 2 amounts;

► Interest from a trade or business that is reported on Mass. Schedule C, line 32; or

► Interest or dividends from a mutual fund, if such distributions are not included in line 1 or line 2. See line 6.

### Lines 5 and 6

Enter only amounts related to income that you have already included in lines 1, 2, and 3.

## 5 Total Interest from Massachusetts Banks

Enter the total interest included in Form 1-NR/PY, line 7a (prior to the exemption amount being subtracted) only if it has been included in lines 1 or 3 of this schedule.

## 6 Other Interest and Dividends to Be Excluded

Enter the total interest and dividends from the following sources (enclose an additional statement, if necessary):

► Interest on U.S. debt obligations. Enter interest received on U.S. treasury bills, notes and bonds, savings bonds or other obligations of the United States, including its territories or dependencies. Such interest is tax-exempt in Massachusetts. For further information concerning exempt obligations of the United States, refer to TIR 89-8;

► Interest and dividends taxed directly to Massachusetts estates and trusts. Enter the interest and dividends that are taxed directly to a Massachusetts estate or trust (reportable on a Massachusetts Fiduciary Return, Form 2);

► Any distribution which is a return of capital included in total gross dividends, line 2;

► Any exempt portion of interest or dividends from a mutual fund included in lines 1, 2 or 3 of this schedule. Enter only the exempt portion of interest or dividends derived from obligations of Massachusetts or its political subdivisions;

► Any interest or dividends from obligations of the Commonwealth of Massachusetts or its political subdivisions held by you;

► Any dividends from current earnings of a corporate trust only if such entity is taxed directly on a Massachusetts Corporate Trust Return, Massachusetts Form 3F; or

► Any interest on pre-retirement distributions from state and municipal contributory pension plans;

► **Nonresidents.** Any amounts included in lines 1, 2 and 3 which you received from sources other than Massachusetts; or

► **Part-year residents.** Any amounts included in lines 1, 2 or 3 which you received while legally domiciled in another state or country.

Do not enter in line 6 either of the following:

► Dividends from the earnings and profits accumulated prior to January 1, 1971 by any corporate trust which was not taxed directly by Massachusetts in prior years, even though such an entity is taxed directly now (obtain from the entity the taxable status of dividends paid to you); or

► Dividends from any corporate trust which is not taxed directly by Mass. Such entities include: those not doing business in Mass.; regulated investment companies or real estate investment trusts (both as defined under the U.S. Internal Revenue Code, Sections 851 and 856); holding companies (as defined in Massachusetts General Laws, Chapter 62, section 8); or those which derive less than 10% of their income from business activities or transactions in Massachusetts.

## 7 Subtotal Interest and Dividend Income

Subtract the total of lines 5 and 6 from line 4. If you have no short-term capital gains or losses, carryover short-term losses from prior years, long-term gains on collectibles and pre-1996 installment sales classified as capital gain income for Massachusetts purposes, gains or losses from the sale, exchange or involuntary conversion of property used in a trade or business and held for one year or less, allowable deductions from your trade or business, net long-term capital losses, or excess exemptions, omit lines 8–25. Enter the amount from line 7 in line 26 of Schedule B and on Form 1-NR/PY, line 23b and omit lines 27 and 28 of Schedule B.

## Part 2. Short-Term Capital Gains and Losses and Long-Term Gains on Collectibles and Pre-1996 Installment Sales

If there are any differences between U.S. and Mass. amounts reported in lines 8, 9, 10, 14 and 15, be sure to enter the Mass. amount and enclose a statement that includes the line number and an explanation of the differences. Possible differences include:

► Upon the sale of stock of an S corporation, the federal basis must be modified according to Massachusetts Income Tax Regulation, 830 CMR 62.17A.1; and

► Massachusetts has adopted basis adjustment rules to take into account differences between Massachusetts and federal tax laws.

► **Nonresidents.** Any short-term capital gains and losses and long-term gains on collectibles which are not Massachusetts source income, are not taxable to you as a nonresident and should not be reported in lines 8, 9, 10, 14 and 15. A nonresident's short-term capital gains and losses and gains on the sale of collectibles and pre-1996 installment sales are subject to tax if the gain or loss resulted from the sale or exchange of property connected with a Massachusetts trade or business or from the ownership of real or tangible personal property located in Massachusetts.

► **Part-year residents.** Any short-term capital gains and losses and long-term gains on collectibles that occurred while you were legally domiciled in another state or country during the taxable year are not taxable and should not be reported in lines 8, 9, 10, 14 and 15.

## **8 Short-Term Capital Gains**

Enter the gross short-term capital gains included in U.S. Schedule D, lines 1, 2, 4 and 5, column (f).

## **9 Long-Term Capital Gains on Collectibles and Pre-1996 Installment Sales**

Enter the amount of long-term capital gains on collectibles and pre-1996 installment sales classified as capital gain income for Massachusetts purposes, from Mass. Schedule D, line 11, columns A, B, C or D.

## **10 Gain on Sale of Business Property**

Enter from U.S. Form 4797 the amount of gain from the sale, exchange or involuntary conversion of property used in a trade or business and held for one year or less. Be sure to enclose U.S. Form 4797 with your return.

## **12 Allowable Deductions From Your Trade or Business**

Enter the amount from Mass. 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. However, where the taxpayer files a Massachusetts Schedule C or Schedule E, 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. Enclose Schedule C-2 with your return.

## **14 Short-Term Capital Losses**

Enter the gross short-term capital losses included in U.S. Schedule D, lines 1, 2, 4 and 5, column (f).

## **15 Loss on Sale of Business Property**

Enter from U.S. Form 4797 the amount of loss from the sale, exchange or involuntary conversion of property used in a trade or business and held for one year or less. Be sure to enclose U.S. Form 4797 with your return.

## **16 Prior Years Short-Term Unused Losses**

You may use short-term losses accumulated in the previous taxable years beginning after 1981 in the computation of short-term gain or loss for the current year. Enter here the amount from your 1998 Mass. Schedule B, line 21.

**Note:** A nonresident or part-year resident of Massachusetts who has unused losses from previous years that were not from Massachusetts sources or were not received while a Massachusetts resident may not use such losses.

## **17 Subtotal Interest and Dividends and Certain Capital Gains and Losses**

Combine lines 13, 14, 15 and 16. If a positive amount, omit line 18 and go to line 19. However, if the total is a loss and any amount in Schedule D, line 16, columns A, B, C or D is a positive amount, complete the Short-Term Capital Losses Applied Against Long-Term Capital Gains Worksheet for Schedule B, Line 18 and Schedule D, Line 17 on page 36. If Schedule B, line 17 is a loss and all the amounts in Schedule D, line 16, columns A, B, C or D are "0" or less, omit lines 18–25, enter "0" in lines 26 and 27, and enter the amount from line 17 on line 28 (Schedule B, page 2).

## **18 Short-Term Capital Losses Applied Against Long-Term Capital Gains**

Complete the Short-Term Capital Losses Applied Against Long-Term Capital Gains Worksheet for Schedule B, Line 18 and Schedule D, Line 17 on page 36 only if Schedule B, line 17 is a loss and any amount in Schedule D, line 16, columns A, B, C or D is a positive amount.

## **19 Subtotal Interest and Dividends and Certain Capital Gains and Losses**

Combine line 17 and line 18. If the total is a loss, omit lines 20–25, enter "0" on lines 26 and 27, and enter the amount from line 19 on line 28. If line 19 is a positive amount and any amount in Schedule D, line 14, columns A, B, C or D is a loss, complete the Long-Term Capital Losses Applied Against Short-Term Capital Gains Worksheet for Schedule B, Line 20 and Schedule D, Line 15 on page 36. If line 19 is a positive amount and any amount in Schedule D, line 14, columns A, B, C or D is "0" or greater, omit line 20 and enter the amount from line 19 in line 21.

**20 Long-Term Capital Losses Applied Against Short-Term Capital Gains**

Complete the Long-Term Capital Losses Applied Against Short-Term Capital Gains Worksheet for Schedule B, Line 20 and Schedule D, Line 15 on page 36 only if Schedule B, line 19 is a positive amount and any amount in Schedule D, line 14, columns A, B, C or D is a loss.

**21 Net Interest and Dividends and Certain Capital Gains and Losses**

Subtract line 20 from line 19. If line 21 is "0," omit lines 22–25 and enter "0" in lines 26, 27 and 28

**22 Long-Term Gain Deduction**

If there is no entry in line 9, enter "0." If line 9 shows a gain, enter 50% of line 9 less 50% of losses in lines 14, 15, 16 (Schedule B, page 1) and 20, but not less than "0."

**Example:** Jack has a long-term capital gain on collectibles of \$1,000 entered in line 9 and line 13. He does not have any other interest income (other than interest from Massachusetts banks) and dividend income. Jack also has a short-term capital loss of \$100 entered in line 14 and a prior year short-term unused loss of \$200 entered in line 16. Jack enters \$350 in line 22: **\$500 (50% of \$1,000) minus \$150 (50% of \$300) = \$350.**

**Part 3. Taxable Interest, Dividends and Certain Capital Gains****24 Excess Exemptions**

Enter the amount from item E of the Excess Exemption Worksheet on page 21 of the instructions. Only if single, head of household or married filing jointly and Form 1-NR/PY, line 22 is greater than Form 1-NR/PY, line 21.

**26 Interest and Dividends Taxable at 5.95%**

If line 25 is greater than or equal to line 7, enter the amount from line 7 here and on Form 1-NR/PY, line 23b. If line 25 is less than line 7, enter the amount from line 25 here and on Form 1-NR/PY, line 23b.

**27 Taxable 12% Capital Gains**

Subtract line 26 from line 25. Not less than "0." Enter the result here and on Form 1-NR/PY, line 25a.

**28 Available Short-Term Losses for Carryover in 2000**

Enter the amount from line 19, only if it is a loss. If line 19 is not completed, enter the amount from line 17 (Schedule B, page 1), only if it is a loss.

**Note:** Before completing the Short-Term Capital Losses Applied Against Long-Term Capital Gains Worksheet for Schedule B, Line 18 and Schedule D, Line 17, or the Long-Term Capital Losses

Applied Against Short-Term Capital Gains Worksheet for Schedule B, Line 20 and Schedule D, Line 15, you must have completed Schedule B, line 17 and Schedule D, line 14.

**Short-Term Capital Losses Applied Against Long-Term Capital Gains Worksheet for Schedule B, Line 18 and Schedule D, Line 17 (complete only if Schedule B, line 17 is a loss and any amount in Schedule D, line 16, column A, B, C or D is a positive amount). Enter all losses as positive amounts**

- A.** Enter amount from Schedule B, line 17 as a positive amount. ....
- B.** Enter any gain from Schedule D, line 16, column A. Otherwise, enter "0" ....
- C.** If item A is smaller than or equal to item B, enter item A here and in Schedule D, line 17, column A. If item A is larger than item B, enter item B here and in Schedule D, line 17, column A. ....
- D.** Subtract item C from item A. Enter result here. If "0," omit items E through L and complete item M. Otherwise, complete items E through G. ....
- E.** Enter any gain from Schedule D, line 16, column B. Otherwise, enter "0" ....
- F.** If item D is smaller than or equal to item E, enter item D here and in Schedule D, line 17, column B. If item D is larger than item E, enter item E here and in Schedule D, line 17, column B. ....
- G.** Subtract item F from item D. Enter result here. If "0," omit items H through L and complete item M. Otherwise, complete items H through J. ....
- H.** Enter any gain from Schedule D, line 16, column C. Otherwise, enter "0" ....
- I.** If item G is smaller than or equal to item H, enter item G here and in Schedule D, line 17, column C. If item G is larger than item H, enter item H here and in Schedule D, line 17, column C. ....
- J.** Subtract item I from item G. Enter result here. If "0," omit items K and L and complete item M. Otherwise, complete items K through M. ....
- K.** Enter any gain from Schedule D, line 16, column D. Otherwise, enter "0" ....
- L.** If item J is smaller than or equal to item K, enter item J here and in Schedule D, line 17, column D. If item J is larger than item K, enter item K here and in Schedule D, line 17, column D. ....
- M.** Add items C, F, I and L. Enter the result here and in Schedule B, line 18. ....

**Long-Term Capital Losses Applied Against Short-Term Capital Gains Worksheet for Schedule B, Line 20 and Schedule D, Line 15 (complete only if Schedule B, line 19 is a positive amount and any amount in Schedule D, line 14, column A, B, C or D is a loss). Enter all losses as a positive amount**

- A.** Enter amount from Schedule B, line 19. ....
- B.** Enter any loss from Schedule D, line 14, column A as a positive amount. Otherwise, enter "0" ....
- Worksheet continues on next column ...**



**... continued from previous column**

**C.** If item A is smaller than or equal to item B, enter item A here and in Schedule D, line 15, column A. If item A is larger than item B, enter item B here and in Schedule D, line 15, column A. ....

**D.** Subtract item C from item A. Enter result here. If "0," omit items E through L and complete item M. Otherwise, complete items E through G. ....

**E.** Enter any loss from Schedule D, line 14, column B as a positive amount. Otherwise, enter "0". ....

**F.** If item D is smaller than or equal to item E, enter item D here and in Schedule D, line 15, column B. If item D is larger than item E, enter item E here and in Schedule D, line 15, column B. ....

**G.** Subtract item F from item D. Enter result here. If "0," omit items H through L and complete item M. Otherwise, complete items H through J. ....

**H.** Enter any loss from Schedule D, line 14, column C as a positive amount. Otherwise, enter "0". ....

**I.** If item G is smaller than or equal to item H, enter item G here and in Schedule D, line 15, column C. If item G is larger than item H, enter item H here and in Schedule D, line 15, column C. ....

**J.** Subtract item I from item G. Enter result here. If "0," omit items K and L and complete item M. Otherwise, complete items K through M. ....

**K.** Enter any loss from Schedule D, line 14, column D as a positive amount. Otherwise, enter "0". ....

**L.** If item J is smaller than or equal to item K, enter item J here and in Schedule D, line 15, column D. If item J is larger than item K, enter item K here and in Schedule D, line 15, column D. ....

**M.** Add items C, F, I and L. Enter the result here and in Schedule B, line 20. ....

## Schedule D

**Note:** If showing a loss, be sure to mark over the X in the box to the left.

### Long-Term Capital Gains and Losses Excluding Collectibles

**Nonresidents.** The long-term gain or loss realized from the transaction of assets being sold or exchanged which are considered to be from Massachusetts sources must be reported on Mass. Schedule D. Long-term capital gains are gains on the sale or exchange of capital assets that have been held for more than one year on the date of sale or exchange. Long-term capital losses are losses on the sale or exchange of capital assets that have been held for more than one year on the date of sale or exchange. Holding periods will be deemed not to have begun prior to January 1, 1995. Massachusetts source assets are (1) real or tangible personal property located in Massachusetts and (2) property connected with a Massachusetts trade, business or employment.

**Part-year residents.** The long-term gains or losses realized while you were a resident of Massachusetts, whether received from sources inside or outside of Massachusetts, from the sale or exchange of capital assets or from similar transactions which are granted capital gain or loss treatment on your U.S. return, or any capital gains distributions received, must be reported on Mass. Schedule D. Include gains from all property, wherever located. Long-term capital gains are gains on the sale or exchange of capital assets that have been held for more than one year on the date of sale or exchange. Long-term capital losses are losses on the sale or exchange of capital assets that have been held for more than one year on the date of sale or exchange. Holding periods will be deemed not to have begun prior to January 1, 1995.

For tax year 1999 the applicable tax rates are 5% if the capital asset was held for more than one year but not more than two years (column A), 4% if the capital asset was held more than two years but not more than three years (column B), 3% if the capital asset was held more than three years but not more than four years (column C), and 2% if the capital asset was held more than four years (column D).

"Capital gain income" is defined as gain from the sale or exchange of a capital asset. The definition of "capital asset" has been expanded to include: (1) an asset which is a capital asset for federal income tax purposes or (2) property that is used in a trade or business within the meaning of IRC section 1231(b) without regard to the holding period as defined in said section 1231(b).

Significant differences between the U.S. and Massachusetts capital gain provisions are:

► Upon the sale of stock of an S corporation, the federal basis must be modified according to Massachusetts Income Tax Regulation, 830 CMR 62.17A.1; and

► Massachusetts has adopted basis adjustment rules to take into account differences between Massachusetts and federal tax laws. For more information regarding basis adjustment rules, see TIR 88-7 or the *Guide to Filing Your 1999 Massachusetts Income Taxes*.

Net ordinary losses that are itemized deductions on U.S. Schedule A are not allowable.

### Installment Sales

If a sale was treated as an installment sale for U.S. income tax purposes, it may be treated the same way on your Massachusetts income tax return. Gains from pre-1996 installment sales are classified as either capital gains or ordinary income under the Massachusetts law in effect on the date the sale or exchange took place. Gains from pre-1996 installment sales that are classified as capital gains should be reported as 12% income on Massachusetts Schedule B. If the asset was held for more than one year when it was sold, the gain will be eligible for

a 50% long-term deduction. Gains from pre-1996 installment sales that are classified as capital gains included on Massachusetts Schedule D, line 3 should be reported on Massachusetts Schedule D, line 11 ("Long-term gains on collectibles and pre-1996 installment sales"). The amount of such gain is then reported on Massachusetts Schedule B, Part 2, line 9. Enclose a statement with Mass. Schedule D identifying such amount in line 11 as "1999 gain from pre-1996 installment sale."

Gains from pre-1996 installment sales classified as ordinary income and that are included on Massachusetts Schedule D, line 3 should be reported on Massachusetts Schedule D, line 9 ("Differences"). The amount of such gain classified as ordinary income should then be reported on Form 1-NR/PY, line 11 ("Other income") and included on Schedule X, line 5 and identified as "1999 gain from pre-1996 installment sale."

If you wish to report a sale on your Mass. return as an installment sale, you must apply in writing to the Department of Revenue's Installment Sales Unit. The Commissioner of Revenue must approve your application to report the sale on the installment basis in Massachusetts before you file your return, and appropriate security must be posted. An explanatory statement must be enclosed with each return for the life of the installment sale. For further information contact the Installment Sales Unit at (617) 887-6950.

**Note:** Complete Schedule D, lines 1–23, columns A, B, C and D (Schedule D, page 2) before completing Schedule D, lines 24 and 25.

## 1 Long-Term Capital Gains and Losses

Enter in column A the gain or loss included in U.S. Schedule D, line 8, column f, from the sale or exchange of assets held more than one year but not more than two years. Enter in column B the gain or loss included in U.S. Schedule D, line 8, column f, from the sale or exchange of assets held more than two years but not more than three years. Enter in column C (Schedule D, page 2) the gain or loss included in U.S. Schedule D, line 8, column f, from the sale or exchange of assets held more than three years but not more than four years. Enter in column D (Schedule D, page 2) the gain or loss included in U.S. Schedule D, line 8, column f, from the sale or exchange of assets held more than four years.

## 2 Additional Long-Term Capital Gains and Losses

Enter in column A the gain or loss included in U.S. Schedule D, line 9, column f, from the sale or exchange of assets held more than one year but not more than two years. Enter in column B the gain or loss included in U.S. Schedule D, line 9, column f, from the sale or exchange of assets held more than two years but not more than three years. Enter in column C (Schedule D, page 2) the gain or loss included in U.S. Schedule D, line 9,

column f, from the sale or exchange of assets held more than three years but not more than four years. Enter in column D (Schedule D, page 2) the gain or loss included in U.S. Schedule D, line 9, column f, from the sale or exchange of assets held more than four years.

## 3 Gain from Sales of Business Property and Other Long-Term Gains and Losses

Enter in column A the gain or loss included in U.S. Schedule D, line 11, column f, from the sale or exchange of assets held more than one year but not more than two years. Enter in column B the gain or loss included in U.S. Schedule D, line 11, column f, from the sale or exchange of assets held more than two years but not more than three years. Enter in column C (Schedule D, page 2) the gain or loss included in U.S. Schedule D, line 11, column f, from the sale or exchange of assets held more than three years but not more than four years. Enter in column D (Schedule D, page 2) the gain or loss included in U.S. Schedule D, line 11, column f, from the sale or exchange of assets held more than four years.

## 4 Net Long-Term Gain or Loss from Partnerships, S Corporations, Estates and Trusts

If a partnership, S corporation, estate or trust does not report capital gains in a manner that allows you to determine the amounts attributable to assets held more than two years, report the amount in column A.

Enter in column A the gain or loss included in U.S. Schedule D, line 12, column f, from the sale or exchange of assets held more than one year but not more than two years. Enter in column B the gain or loss included in U.S. Schedule D, line 12, column f, from the sale or exchange of assets held more than two years but not more than three years. Enter in column C (Schedule D, page 2) the gain or loss included in U.S. Schedule D, line 12, column f, from the sale or exchange of assets held more than three years but not more than four years. Enter in column D (Schedule D, page 2) the gain or loss included in U.S. Schedule D, line 12, column f, from the sale or exchange of assets held more than four years.

## 5 Capital Gain Distributions

If a mutual fund or real estate investment trust does not report capital gain distributions in a manner that allows you to determine the amounts attributable to assets held more than two years, report the amount in column A.

If you did not file U.S. Schedule D, enter in column A the capital gain distributions reported to you by a mutual fund or real estate investment trust included in the amount from U.S. Form 1040, line 13, from the sale or exchange of assets held more than one year but not more than two years. Enter in column B the capital gain distributions reported to you by a mutual fund or real es-

tate investment trust included in the amount from U.S. Form 1040, line 13, from the sale or exchange of assets held more than two years but not more than three years. Enter in column C (Schedule D, page 2) the capital gain distributions reported to you by a mutual fund or real estate investment trust included in the amount from U.S. Form 1040, line 13, from the sale or exchange of assets held more than three years but not more than four years. Enter in column D (Schedule D, page 2) the capital gain distributions reported to you by a mutual fund or real estate investment trust included in the amount from U.S. Form 1040, line 13, from the sale or exchange of assets held more than four years.

If you did file a U.S. Schedule D, enter in column A the capital gain distributions reported to you by a mutual fund or real estate investment trust included in U.S. Schedule D, line 13, column f, from the sale or exchange of assets held more than one year but not more than two years. Enter in column B the capital gain distributions reported to you by a mutual fund or real estate investment trust included in U.S. Schedule D, line 13, column f, from the sale or exchange of assets held more than two years but not more than three years. Enter in column C (Schedule D, page 2) the capital gain distributions reported to you by a mutual fund or real estate investment trust included in U.S. Schedule D, line 13, column f, from the sale or exchange of assets held more than three years but not more than four years. Enter in column D (Schedule D, page 2) the capital gain distributions reported to you by a mutual fund or real estate investment trust included in U.S. Schedule D, line 13, column f, from the sale or exchange of assets held more than four years.

## **6 Massachusetts Long-Term Capital Gains and Losses Included in U.S. Form 4797, Part II**

Enter amounts included in U.S. Form 4797, Part II treated as capital gains or losses for Massachusetts purposes (not included in lines 1–5 above). These include ordinary gains from the sale of Section 1231 property, recapture amounts under Sections 1245 and 1250, Section 1244 losses and the loss on the sale, exchange or involuntary conversion of property used in a trade or business.

Enter in column A the gain or loss included in U.S. Form 4797, Part II, from the sale or exchange of assets held more than one year but not more than two years. Enter in column B the gain or loss included in U.S. Form 4797, Part II, from the sale or exchange of assets held more than two years but not more than three years. Enter in column C (Schedule D, page 2) the gain or loss included in U.S. Form 4797, Part II, from the sale or exchange of assets held more than three years but not more than four years. Enter in column D (Schedule D, page 2) the gain or loss included in U.S. Form 4797, Part II, from the sale or exchange of assets held more than four years.

## **7 Carryover Losses from Previous Years**

If you recalculated your capital gains and losses and now have a carryover loss from a prior year, enter in line 7 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](http://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 19 by 20 and enter the result in line 7, column A.

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

## **8 Subtotal Long-Term Capital Gains and Losses**

Combine lines 1 through 7, column A and enter the result in line 8, column A. Combine lines 1 through 7, column B and enter the result in line 8, column B. Combine lines 1 through 7, column C (Schedule D, page 2) and enter the result in line 8, column C. Combine lines 1 through 6, column D (Schedule D, page 2) and enter the result in line 8, column D.

## **9 Differences**

**Nonresidents.** Enter in line 9 any long-term capital gains and losses included on Schedule D, lines 1–7, columns A, B, C and D which are not Massachusetts source income and thus not taxable to you as a nonresident. A nonresident's capital gains and losses are subject to tax if the gain or loss resulted from the sale or exchange of property connected with a Massachusetts trade or business or from the ownership of real or tangible personal property located in Massachusetts.

**Part-year residents.** Enter in line 9 any long-term capital gains or losses included on Schedule D, lines 1–7, columns A, B, C and D that occurred while you were legally domiciled in another state or country during the taxable year.

**Nonresidents and part-year residents.** Enter here any other differences between the gains or losses reportable for Massachusetts tax purposes and the gains or losses reported on U.S. Schedule D. For example:

- Gains or losses of a Massachusetts estate or trust that are taxed directly on the Massachusetts Fiduciary Return, Form 2, if you are the beneficiary and if you included the amounts on Schedule D, line 4;
- Pre-1996 installment sales classified as ordinary income for Massachusetts purposes;

► Massachusetts long-term capital gains or losses from transactions reported as installment sales for U.S. income tax purposes but not for Massachusetts; and

► Massachusetts has adopted basis adjustment rules to take into account differences between Massachusetts and federal tax laws.

**Part-year residents.** Do not enter gains or losses received while a resident from any grantor-type trust or from an estate or trust that is not subject to taxation in Massachusetts.

Any entry in line 9 must be clearly explained in an enclosed statement.

## 10 Subtotal

Exclude/subtract line 9, column A from line 8, column A and enter the result in line 10, column A. Exclude/subtract line 9, column B from line 8, column B and enter the result in line 10, column B. Exclude/subtract line 9, column C (Schedule D, page 2) from line 8, column C and enter the result in line 10, column C. Exclude/subtract line 9, column D from line 8, column D and enter the result in line 10, column D. If line 9 in any column is a loss, add loss as a positive number to the amount recorded in line 8 of that column. See the following examples:

| Sch. D | Example A |         | Example B |        |
|--------|-----------|---------|-----------|--------|
| Line   | col. A    | col. B  | col. A    | col. B |
| 8      | \$1,000   | \$1,000 | \$700*    | \$700* |
| 9      | 500       | 300*    | 500       | 500*   |
| 10     | 500       | 1,300   | 1,200*    | 200*   |

\*denotes loss

## 11 Long-Term Gains on Collectibles and Pre-1996 Installment Sales

Enter in line 11, column A the amount of long-term gains on collectibles and pre-1996 installment sales classified as capital gain income for Massachusetts purposes that are included in line 10, column A. Enter in line 11, column B the amount of long-term gains on collectibles and pre-1996 installment sales classified as capital gain income for Massachusetts purposes that are included in line 10, column B. Enter in line 11, column C (Schedule D, page 2) the amount of long-term gains on collectibles and pre-1996 installment sales classified as capital gain income for Massachusetts purposes that are included in line 10, column C. Enter in line 11, column D (Schedule D, page 2) the amount of long-term capital gains on collectibles and pre-1996 installment sales classified as capital gain income for Massachusetts purposes that are included in line 10, column D. These are taxed at the 12% rate and the total of columns A, B, C and D should be entered on Schedule B, line 9.

Collectibles are defined as any capital asset that is a collectible within the meaning of Internal Revenue Code section 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.

## 12 Subtotal

Subtract line 11, column A from line 10, column A and enter the result in line 12, column A. Subtract line 11, column B from line 10, column B and enter the result in line 12, column B. Subtract line 11, column C (Schedule D, page 2) from line 10, column C and enter the result in line 12, column C. Subtract line 11, column D (Schedule D, page 2) from line 10, column D and enter the result in line 12, column D.

If any amount in Schedule D, line 12, columns A, B, C or D is a gain and any amount in Schedule D, line 12, columns A, B, C or D is a loss, complete the Long-Term Capital Losses Applied Against Long-Term Capital Gains Worksheet for Schedule D, Line 13 on pages 41–42.

If any amount in Schedule D, line 12 is a gain, no other amount in Schedule D, line 12 is a loss, and Schedule B, line 19 is a positive amount, omit Schedule D, lines 13–17 and enter the amount from Schedule D, line 12 in Schedule D, line 18.

If any amount in Schedule D, line 12 is a loss, no other amount in Schedule D, line 12 is a gain, and Schedule B, line 19 is a positive amount, omit Schedule D, line 13, enter the amount from Schedule D, line 12 in Schedule D, line 14 and complete the Long-Term Capital Losses Applied Against Short-Term Capital Gains Worksheet for Schedule B, Line 20 and Schedule D, Line 15 on page 36.

If any amount in Schedule D, line 12 is a gain, no other amount in Schedule D, line 12 is a loss, and Schedule B, line 17 is a loss, omit Schedule D, lines 13–15, enter the amount from Schedule D, line 12 on Schedule D, line 16 and complete the Short-Term Capital Losses Applied Against Long-Term Capital Gains Worksheet for Schedule B, Line 18 and Schedule D, Line 17 on page 36.

If any amount in Schedule D, line 12 is a loss, no other amount in Schedule D, line 12 is a gain, and Schedule B, line 17 is a loss, omit Schedule D, lines 13–15; enter the amount from Schedule D, line 12 in Schedule D, line 16; omit Schedule D, lines 17–24; enter the amount from Schedule D, line 16 in Schedule D, line 25; and enter "0" on Form 1-NR/PY, line 26.

## 13 Long-Term Capital Loss Applied Against Long-Term Capital Gains

Complete the following Long-Term Capital Losses Applied Against Long-Term Capital Gains Worksheet for Schedule D, Line 13 only if any amount in Schedule D, line 12, columns A, B, C or D is a gain and any amount in Schedule D, line 12, columns A, B, C or D is a loss.



This worksheet was designed to implement recent legislation that provides for the netting of long-term gains and losses. First, gains and losses within each holding period are netted. For example, 5% gains are applied against 5% losses, 4% gains are applied against 4% losses, 3% gains are applied against 3% losses and 2% gains are applied against 2% losses. Then, any net losses within a particular holding period can be applied against net gains within other holding periods, beginning with the highest tax rate and applying any remaining losses against the next highest tax rate. For example, a 3% loss is first applied to 5% gains, any remaining loss is applied to 4% gains, and any loss still remaining then is applied against 2% gains.

If you need additional information on how to net long-term gains against long-term losses, visit DOR's website at [www.state.ma.us/dor](http://www.state.ma.us/dor).

**Long-Term Capital Losses Applied Against Long-Term Capital Gains Worksheet for Schedule D, Line 13 (complete only if any amount in Schedule D, line 12, columns A, B, C or D is a gain and any amount in Schedule D, line 12, columns A, B, C or D is a loss)**

**Part 1. Complete only if you have a gain in Schedule D, line 12, column A. Otherwise, enter "0" in items A–J and go to Part 2.**

- A.** Enter any gain from Sched. D, line 12, column A \_\_\_\_\_
- B.** Enter any loss from Schedule D, line 12, column B as positive figure. If Schedule D, line 12, column B is "0" or greater, enter "0" \_\_\_\_\_
- C.** If item A is smaller than or equal to item B, enter item A here. If item A is larger than item B, enter item B here \_\_\_\_\_
- D.** Subtract item C from item A. Enter result here. . . \_\_\_\_\_
- E.** If item D is "0," enter "0" in items E–J and go to Part 2. If item D is greater than "0," enter any loss from Schedule D, line 12, column C as a positive figure. If Schedule D, line 12, column C is "0" or greater, enter "0" \_\_\_\_\_
- F.** If item D is smaller than or equal to item E, enter item D here. If item D is larger than item E, enter item E here \_\_\_\_\_
- G.** Subtract item F from item D. Enter result here. . . \_\_\_\_\_
- H.** If item G is "0," enter "0" in items H–J and go to Part 2. If item G is greater than "0," enter any loss from Schedule D, line 12, column D as a positive figure. If Schedule D, line 12, column D is "0" or greater, enter "0" \_\_\_\_\_
- I.** If item G is smaller than or equal to item H, enter item G here. If item G is larger than item H, enter item H here \_\_\_\_\_
- J.** Subtract item I from item G. Enter result here . . . \_\_\_\_\_

**Part 2. Complete only if you have a gain in Schedule D, line 12, column B. Otherwise, enter "0" in items K–X and go to Part 3.**

- K.** Enter any gain from Sched. D, line 12, column B \_\_\_\_\_
- L.** Enter any loss from Schedule D, line 12, column A as a positive figure. If Schedule D, line 12, column A is "0" or greater, enter "0" \_\_\_\_\_

*Worksheet continues on next column ...*

**... continued from previous column**

- M.** If item K is smaller than or equal to item L, enter item K here. If item K is larger than item L, enter item L here \_\_\_\_\_
- N.** Subtract item M from item K. Enter result here. . . \_\_\_\_\_
- O.** If item N is "0," enter "0" in items O–X and go to Part 3. If item N is greater than "0," enter any loss from Schedule D, line 12, column C as a positive figure. If Schedule D, line 12, column C is "0" or greater, enter "0" \_\_\_\_\_
- P.** Enter the amount from item F. . . . . \_\_\_\_\_
- Q.** Subtract item P from item O. Enter the result here \_\_\_\_\_
- R.** If item N is smaller than or equal to item Q, enter item N here. If item N is larger than item Q, enter item Q here \_\_\_\_\_
- S.** Subtract item R from item N. Enter result here. . . \_\_\_\_\_
- T.** If item S is "0," enter "0" in items T–X and go to Part 3. If item S is greater than "0," enter any loss from Schedule D, line 12, column D as a positive figure. If Schedule D, line 12, column D is "0" or greater, enter "0" \_\_\_\_\_
- U.** Enter the amount from item I. . . . . \_\_\_\_\_
- V.** Subtract item U from item T. Enter the result here \_\_\_\_\_
- W.** If item S is smaller than or equal to item V, enter item S here. If item S is larger than item V, enter item V here \_\_\_\_\_
- X.** Subtract item W from item S. Enter result here. . . \_\_\_\_\_

**Part 3. Complete only if you have a gain in Schedule D, line 12, column C. Otherwise, enter "0" in items Y–NN and go to Part 4.**

- Y.** Enter any gain from Schedule D, line 12, column C \_\_\_\_\_
- Z.** Enter any loss from Schedule D, line 12, column A as a positive figure. If Schedule D, line 12, column A is "0" or greater, enter "0" \_\_\_\_\_
- AA.** Enter the amount from item M. . . . . \_\_\_\_\_
- BB.** Subtract item AA from item Z. Enter the result here. . . . . \_\_\_\_\_
- CC.** If item Y is smaller than or equal to item BB, enter item Y here. If item Y is larger than item BB, enter item BB here \_\_\_\_\_
- DD.** Subtract item CC from item Y. Enter result here \_\_\_\_\_
- EE.** If item DD is "0," enter "0" in items EE–NN and go to Part 4. If item DD is greater than "0," enter any loss from Schedule D, line 12, column B as a positive figure. If Schedule D, line 12, column B is "0" or greater, enter "0" \_\_\_\_\_
- FF.** Enter the amount from item C. . . . . \_\_\_\_\_
- GG.** Subtract item FF from item EE. Enter the result here. . . . . \_\_\_\_\_
- HH.** If item DD is smaller than or equal to item GG, enter item DD here. If item DD is larger than item GG, enter item GG here \_\_\_\_\_
- II.** Subtract item HH from item DD. Enter result here \_\_\_\_\_
- JJ.** If item II is "0," enter "0" in items JJ–NN and go to Part 4. If item II is greater than "0," enter any loss from Schedule D, line 12, column D as a positive figure. If Schedule D, line 12, column D is "0" or greater, enter "0" \_\_\_\_\_
- KK.** Add item I and item W. Enter the result here . . . \_\_\_\_\_
- LL.** Subtract item KK from item JJ. Enter the result here. . . . . \_\_\_\_\_

*Worksheet continues on next page ...*

... continued from previous page

**MM.** If item II is smaller than or equal to item LL, enter item II here. If item II is larger than item LL, enter item LL here \_\_\_\_\_  
**NN.** Subtract item MM from item II. Enter result here \_\_\_\_\_

**Part 4. Complete only if you have a gain in Schedule D, line 12, column D. Otherwise, enter "0" in items OO–DDD and go to Part 5.**

**OO.** Enter any gain from Schedule D, line 12, column D. \_\_\_\_\_  
**PP.** Enter any loss from Schedule D, line 12, column A as a positive figure. If Schedule D, line 12, column A is "0" or greater, enter "0" \_\_\_\_\_  
**QQ.** Add item M and item CC. Enter the result here \_\_\_\_\_  
**RR.** Subtract item QQ from item PP. Enter the result here \_\_\_\_\_  
**SS.** If item OO is smaller than or equal to item RR, enter item OO here. If item OO is larger than item RR, enter item RR here \_\_\_\_\_  
**TT.** Subtract item SS from item OO. Enter result here \_\_\_\_\_  
**UU.** If item TT is "0," enter "0" in items UU–DDD and go to Part 5. If item TT is greater than "0," enter any loss from Schedule D, line 12, column B as a positive figure. If Schedule D, line 12, column B is "0" or greater, enter "0" \_\_\_\_\_  
**VV.** Add item C and item HH. Enter the result here \_\_\_\_\_  
**WW.** Subtract item VV from item UU. Enter the result here \_\_\_\_\_  
**XX.** If item TT is smaller than or equal to item WW, enter item TT here. If item TT is larger than item WW, enter item WW here \_\_\_\_\_  
**YY.** Subtract item XX from item TT. Enter result here \_\_\_\_\_  
**ZZ.** If item YY is "0," enter "0" in items ZZ–DDD and go to Part 5. If item YY is greater than "0," enter any loss from Schedule D, line 12, column C as a positive figure. If Schedule D, line 12, column C is "0" or greater, enter "0" \_\_\_\_\_  
**AAA.** Add item F and item R. Enter the result here. . . \_\_\_\_\_  
**BBB.** Subtract item AAA from item ZZ. Enter the result here \_\_\_\_\_  
**CCC.** If item YY is smaller than or equal to item BBB, enter item YY here. If item YY is larger than item BBB, enter item BBB here \_\_\_\_\_  
**DDD.** Subtract item CCC from item YY. Enter result here \_\_\_\_\_

**Part 5. Complete only if you have completed Part 1, 2, 3 or 4.**

**EEE.** If Schedule D line 12, column A is a gain, add item C, item F and item I. Enter the result here and in Schedule D, line 13, column A as a negative amount. This is the amount of any long-term losses applied to offset long-term capital gains taxed at 5%. If Schedule D line 12, column A is a loss, add item M, item CC and item SS. Enter the result here and in Schedule D, line 13, column A as a positive amount. This is the amount of long-term losses from assets held for more than one year but not more than two years applied to offset other long-term capital gains \_\_\_\_\_

Worksheet continues on next column ...

... continued from previous column

**FFF.** If Schedule D line 12, column B is a gain, add item M, item R and item W. Enter the result here and in Schedule D, line 13, column B as a negative amount. This is the amount of any long-term losses applied to offset long-term capital gains taxed at 4%. If Schedule D line 12, column B is a loss, add item C, item HH and item XX. Enter the result here and in Schedule D, line 13, column B as a positive amount. This is the amount of long-term losses from assets held for more than two years but not more than three years applied to offset other long-term capital gains \_\_\_\_\_  
**GGG.** If Schedule D line 12, column C is a gain, add item CC, item HH and item MM. Enter the result here and in Schedule D, line 13, column C as a negative amount. This is the amount of any long-term losses applied to offset long-term capital gains taxed at 3%. If Schedule D line 12, column C is a loss, add item F, item R and item CCC. Enter the result here and in Schedule D, line 13, column C as a positive amount. This is the amount of long-term losses from assets held for more than three years but not more than four years applied to offset other long-term capital gains \_\_\_\_\_  
**HHH.** If Schedule D line 12, column D is a gain, add item SS, item XX and item CCC. Enter the result here and in Schedule D, line 13, column D as a negative amount. This is the amount of any long-term losses applied to offset long-term capital gains taxed at 2%. If Schedule D, line 12, column D is a loss, add item I, item W and item MM. Enter the result here and in Schedule D, line 13, column D as a positive amount. This is the amount of long-term losses from assets held for more than four years applied to offset other long-term capital gains \_\_\_\_\_

## 14 Subtotal

Combine line 12, column A with line 13, column A and enter the result in line 14, column A. Combine line 12, column B with line 13, column B and enter the result in line 14, column B. Combine line 12, column C with line 13, column C and enter the result in line 14, column C. Combine line 12, column D with line 13, column D and enter the result in line 14, column D.

**Note:** After completing Schedule D, line 13, all amounts in Schedule D, line 14, columns A, B, C and D should be either "0" and/or gain(s) or "0" and/or loss(es). If all amounts in Schedule D, line 14 are "0," omit Schedule D, lines 15–19, enter "0" in Schedule D, line 20, omit the remainder of Schedule D and enter "0" in Form 1-NR/PY, line 26.

If any amount in line Schedule D, 14 is a loss, and Schedule B, line 19 is a positive amount, complete the Long-Term Capital Losses Applied Against Short-Term Capital Gains Worksheet for Schedule B, Line 20 and Schedule D, Line 15 on page 36.

If any amount in Schedule D, line 14 is a gain and Schedule B, line 19 is a positive amount, omit Schedule D, lines 15–17 and enter the amount from Schedule D, line 14 in Schedule D, line 18.

If any amount in Schedule D, line 14 is a gain and Schedule B, line 17 is a loss, omit Schedule D, line 15, enter the amount

from Schedule D, line 14 in Schedule D, line 16 and complete the Short-Term Capital Losses Applied Against Long-Term Capital Gains Worksheet for Schedule B, Line 18 and Schedule D, Line 17 on page 36.

If any amount in Schedule D, line 14 is a loss and Schedule B, line 17 is a loss, omit Schedule D, line 15; enter the amount from Schedule D, line 14 in Schedule D, line 16; omit Schedule D, lines 17–24; enter the amount from Schedule D, line 16 in Schedule D, line 25; and enter “0” in Form 1-NR/PY, line 26.

## **15 Long-Term Capital Losses Applied Against Short-Term Capital Gains**

Complete the Long-Term Capital Losses Applied Against Short-Term Capital Gains Worksheet for Schedule B, Line 20 and Schedule D, Line 15 on page 36 only if Schedule B, line 19 is a positive amount and any amount in Schedule D, line 14, column A, B, C or D is a loss. When completing the worksheet, be sure to enter all losses as a positive amount.

## **16 Subtotal**

Combine line 14, column A with line 15, column A and enter the result in line 16, column A. Combine line 14, column B with line 15, column B and enter the result in line 16, column B. Combine line 14, column C with line 15, column C and enter the result in line 16, column C. Combine line 14, column D with line 15, column D and enter the result in line 16, column D.

If any amount in Schedule D, line 16 is a gain and Schedule B, line 17 is a loss, complete the Short-Term Capital Losses Applied Against Long-Term Capital Gains Worksheet for Schedule B, Line 18 and Schedule D, Line 17 on page 36.

If any amount in Schedule D, line 16 is a gain and Schedule B, line 19 is a gain, omit Schedule D, line 17 and enter the amount from Schedule D, line 16 in Schedule D, line 18.

If any amount in Schedule D, line 16 is a loss, omit Schedule D, lines 17–19, enter “0” in Schedule D, line 20, omit Schedule D, lines 21–24, enter the amount from Schedule D, line 16 in Schedule D, line 25, and enter “0” in Form 1-NR/PY, line 26.

## **17 Short-Term Capital Losses Applied Against Long-Term Capital Gains**

Complete the Short-Term Capital Losses Applied Against Long-Term Capital Gains Worksheet for Schedule B, Line 18 and Schedule D, Line 17 on page 36 only if Schedule B, line 17 is a loss and any amount in Schedule D, line 16, column A, B, C or D is a positive amount. When completing the worksheet, be sure to enter all losses as a positive amount.

## **18 Subtotal**

Subtract line 17, column A from line 16, column A and enter the result in line 18, column A. Not less than “0.” Subtract line 17, column B from line 16, column B and enter the result in line 18,

column B. Not less than “0.” Subtract line 17, column C from line 16, column C and enter the result in line 18, column C. Not less than “0.” Subtract line 17, column D from line 16, column D and enter the result in line 18, column D. Not less than “0.”

If all amounts in Schedule D, line 18 are “0,” skip Schedule D, line 19, enter “0” in Schedule D, line 20, omit Schedule D, lines 22–25 and enter “0” in Form 1-NR/PY, line 26.

## **19 Allowable Deductions From Your Trade or Business**

Generally, taxpayers may not use excess 5.95% trade or business deductions to offset other income. However, where the taxpayer files a Massachusetts Schedule C or Schedule E, 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. Enclose Schedule C-2 with your return.

Enter in line 19, column A the amount from Schedule C-2, line 14. Enter in line 19, column B the amount from Schedule C-2, line 16. Enter in line 19, column C the amount from Schedule C-2, line 18. Enter in line 19, column D the amount from Schedule C-2, line 20.

## **20 Subtotal**

Subtract line 19, column A from line 18, column A and enter the result in line 20, column A. Not less than “0.” Subtract line 19, column B from line 18, column B and enter the result in line 20, column B. Not less than “0.” Subtract line 19, column C from line 18, column C and enter the result in line 20, column C. Not less than “0.” Subtract line 19, column D from line 18, column D and enter the result in line 20, column D. Not less than “0.”

If all amounts in Schedule D, line 20 are “0,” omit Schedule D, lines 21–25 and enter “0” in Form 1-NR/PY, line 26.

## **21 Excess Exemptions**

Enter in line 21, column A the amount from item H of the Excess Exemption Worksheet on page 21 of the instructions. Enter in line 21, column B the amount from item K of the Excess Exemption Worksheet on page 21 of the instructions. Enter in line 21, column C (Schedule D, page 2) the amount from item N of the Excess Exemption Worksheet on page 21 of the instructions. Enter in line 21, column D the amount from item Q of the Excess Exemption Worksheet on page 21 of the instructions.

**22 Adjusted Long-Term Capital Gains and Losses**

Subtract line 21, column A from line 20, column A and enter the result in line 22, column A. Not less than "0." Subtract line 21, column B from line 20, column B and enter the result in line 22, column B. Not less than "0." Subtract line 21, column C (Schedule D, page 2) from line 20, column C and enter the result in line 22, column C. Not less than "0." Subtract line 21, column D from line 20, column D and enter the result in line 22, column D.

If all amounts in Schedule D, line 22 are "0," omit Schedule D, lines 23–25 and enter "0" in Form 1-NR/PY, line 26.

**23 Tax on Capital Gains by Holding Period**

Multiply the amount in line 22, column A by .05 (5%) and enter the result in line 23, column A. Not less than "0." Multiply the amount in line 22, column B by .04 (4%) and enter the result in line 23, column B. Not less than "0." Multiply the amount in line 22, column C (Schedule D, page 2) by .03 (3%) and enter the result in line 23, column C. Not less than "0." Multiply the amount, in line 22, column D (Schedule D, page 2) by .02 (2%) and enter the result in line 23, column D. Not less than "0."

**24 Total Tax on Long-Term Capital Gains and Losses**

Add line 23A, line 23B, line 23C and line 23D (Schedule D, page 2). Enter result here and on Form 1-NR/PY, line 26. Not less than "0."

**25 Available Losses for Carryover**

Enter in line 25, column A the amount from line 16, column A, only if it is a loss. Enter in line 25, column B the amount from line 16, column B, only if it is a loss. Enter in line 25, column C the amount from line 16, column C, only if it is a loss. Enter in line 25, column D the amount from line 16, column D, only if it is a loss.

## Schedule C

**Note:** If showing a loss, be sure to mark over the "X" in the box to the left.

**Profit or Loss from Business or Profession**

Mass. Schedule C is provided to report income and deductions from each business or profession operated as a sole proprietorship. A copy of U.S. Schedule C (or Schedule F for farm income) and U.S. Form 4562 (Depreciation and Amortization) must be filed with the Mass. Schedule C. If you deduct expenses for the business use of your home, enclose a copy of U.S. Form 8829.

**Registration Information**

In the space provided, describe the business or professional activity that provided your principal source of income reported on line 1. If you owned more than one business, you must complete a separate Schedule C for each business. Give the general field or activity and the type of product or service.

**Employer Identification Number**

You need an employer identification number (EIN) only if you had a Keogh plan or were required to file an employment, excise, estate, trust, or alcohol, tobacco and firearms tax return. If you do not have an EIN, leave the line blank. Do not enter your SSN.

**Small Business Energy Exemption**

If you are claiming the small business energy exemption from the sales tax on purchases of taxable energy or heating fuel during 1999, you must have five or fewer employees. You must enter the number of your employees in the space provided.

**Accounting Method**

If you filed a return on the accrual basis last year, your return for this year must be on the same basis. If you filed a return on the cash basis last year and wish to change to the accrual basis this year, you must obtain permission from the Commissioner by filing Massachusetts Form 14 with your return. Form 14 is available from the Massachusetts Department of Revenue.

**Material Participation**

Indicate if you materially participated in the operation of this business during 1999. If you did not materially participate and have a loss from this business, see line 33 for further instructions.

**1a Gross receipts or sales**

In the boxes provided, enter gross receipts or sales from your business. Be sure to include on this line amounts you received in your trade or business as shown on Form 1099-MISC, Miscellaneous Income. If the nature of your business is such that you have gross or other income that interest (other than from Massachusetts banks) and dividend, exclude this income from lines 1 and 4 on Massachusetts Schedule C and include it in line 32 and in Schedule B, line 3. Examples of interest (other than from Massachusetts banks) and dividend income are interest received on loans, notes receivable or charge accounts that you accept in the ordinary course of business, and dividends on stocks received in payment for goods and services. Capital gains from the sale or exchange of assets used in your business are not reported on Schedule C. Use U.S. Form 4797 and report the amount in Form 1-NR/PY, Schedule B and/or Schedule D. You must also exclude from Schedule C any income and expenses that pertain to activities for yourself as distinguished from those performed for your customers. Such



income must be reported by class of income in Schedules B and D. Personal expenses are not deductible. If you received Form W-2 and the "Statutory employee" box in item 15 of that form was checked, report your income and expenses related to that income on Schedule C. Enter your statutory employee income from box 1 of Form W-2 on line 1 of Schedule C and fill in the oval. Statutory employees include full-time life insurance agents, certain agent or commission drivers and traveling salespersons and certain homeworkers. If you had both self-employment income and statutory employee income, do not combine these amounts on a single Schedule C. In this case, you must file two Schedules C.

## **7 Bad Debts From Sales or Services**

Include debts and partial debts from sales or services that were included in income and are definitely known to be worthless. If you later collect a debt that you deducted as a bad debt, include it as income in the year collected.

**Note:** Cash method taxpayers cannot take a bad debt deduction unless the amount was previously included in income.

## **11 Depreciation and Section 179 Deduction**

The Section 179 expensing allowance is \$19,000 for property placed in service in tax years after 1998. Massachusetts now adopts the federal provision which requires a recovery period for the depreciation of nonresidential real property of 39 years for qualifying property placed in service on or after May 14, 1993.

## **17 Pension and Profit-Sharing Plans**

Enter your deduction for contributions to a pension, profit-sharing or annuity plan, or plans for the benefit of your employees. If the plan includes you as a self-employed person, do not include contributions made as an employer on your behalf.

## **22 Travel**

Enter your expenses for lodging and transportation connected with overnight travel for business while away from your tax home. Generally, your tax home is your main place of business regardless of where you maintain your family home. You cannot deduct expenses paid or incurred in connection with employment away from home if that period of employment exceeds one year. Spouse's and other family members' travel expenses are generally disallowed as a business deduction.

Do not include expenses for meals and entertainment on this line. Instead, see the instructions for lines 23a and 23b.

## **23 Meals and Entertainment**

**Line 23a.** Enter your total business meal and entertainment expenses. Include meals while traveling away from home for business. Instead of the actual cost of your meals while traveling away from home, you may use the standard meal allowance. Business meal expenses are deductible only if they are (a) di-

rectly related to or associated with the conduct of your trade or business, (b) not lavish or extravagant and (c) incurred while you or your employee is present at the meal. Club dues are not allowed as a business deduction.

**Line 23b.** Generally, you may deduct only 50% of your business meal and entertainment expenses, including meals incurred while traveling away from home on business. However, you may fully deduct meals and entertainment furnished or reimbursed to an employee if you properly treat the expense as wages subject to withholding. You may also fully deduct meals and entertainment provided to a nonemployee to the extent the expenses are includible in the gross income of that person and reported on Form 1099-MISC. Figure how much of the amount on line 23a is subject to the 50% limit. Then, enter 50% of that amount on line 23b. This amount should be subtracted from the amount in line 23a. Enter the result in line 23 of Massachusetts Schedule C.

## **30 Abandoned Building Renovation Deduction**

Massachusetts allows businesses to deduct 10% of the costs incurred in renovating certain buildings located in an Economic Opportunity Area (EOA). The buildings must be designated as abandoned by the Economic Assistance Coordinating Council. The renovation deduction may be taken in addition to any other deduction for which the renovation costs may qualify.

For more information, contact the Mass. Office of Business Development, One Ashburton Place, Rm. 2101, Boston, MA 02108.

In line 30 enter 10% of the costs of renovating a qualifying abandoned building. Enclose a statement detailing the location and cost of renovating the qualifying abandoned building.

## **33 If You Have a Loss**

Fill in the oval in line 33a if all of your investment is at risk. Enter your loss from line 31 on Form 1-NR/PY, line 8 **unless** you answered "no" to the question on material participation on the front of Schedule C. If you answered "no" to this question, complete and enclose a pro forma copy of U.S. Form 8582 that reflects only income being reported on your Mass. return. Enter in Mass. Schedule C, line 31 your allowable loss calculated on Form 8582.

Fill in the oval in line 33b if only some of your investment is at risk. To determine the amount of your allowable loss, complete and enclose a pro forma copy of U.S. Form 6198 that reflects only income being reported on your Mass. return. Enter the amount calculated on U.S. Form 6198 in line 31 unless you answered "no" to the question on material participation on the front of Schedule C. In this case, your loss is further limited. Use the amounts calculated on your pro forma U.S. Form 6198 to complete a pro forma U.S. Form 8582. Be sure to enclose both forms with your return. If your at-risk amount is "0" or less, enter "0" in line 31.

# Schedule R/NR Instructions

## Part 1. Income Adjustments

### Column A

Enter the amount of income reported on your federal return as modified as if it were received by a full-year Massachusetts resident. Refer to each specific line instruction for Form 1-NR/PY to determine income that should be added to or subtracted from the federal total.

### Column B

Enter the amount of income from column A that you received while a Massachusetts resident.

### Column C

Enter the amount of income from column A from both Mass. and non-Mass. sources that you received while a nonresident.

### Column D

Enter the amount of income from column C from Massachusetts sources that you received while a nonresident.

See page 7 of the instructions for a definition of Massachusetts source income.

Refer to each specific line instruction for Form 1-NR/PY to determine the income from Massachusetts sources received during your nonresident period. Also see Form 1-NR/PY, line 13 instruction for those nonresidents eligible to apportion income.

If you received income from a business/profession reported on a Schedule C, while a Massachusetts resident and from Massachusetts sources while a nonresident, you must complete a separate Massachusetts Schedule C for each period.

### Column E

Add column B and column D. This is your total income received while a Massachusetts resident and received from Massachusetts sources while a nonresident. Enter the amount from column E in each applicable line on Form 1-NR/PY (see separate instruction for Schedule D). Subtract the total of column D from column C and enter the result in line 14e of Form 1-NR/PY. This is the additional income that you received from non-Massachusetts sources that would have been reported by you if you had been a Massachusetts resident.

Add Form 1-NR/PY lines 5 through 12 and complete Form 1-NR/PY line 14 before completing the rest of this worksheet.

### Schedule D

Enter in column A the amount from Schedule D, line 8. Enter in column B the amount of income from column A that you received while a Massachusetts resident. Enter in column C the amount of income from column A from both Mass. and non-Mass. sources that you received while a nonresident. Enter the amount of income from column C from Massachusetts sources that you received while nonresident. Subtract column D from column C and enter the result (plus any other applicable adjust-

ments) in Schedule D, line 9. Complete Schedule D as otherwise instructed.

## Part 2. Deduction and Exemption Adjustments

**Note:** Schedule Y, line 5 is adjusted both in Sections A and B. See Schedule R/NR to determine which amounts are adjusted in Section A and Section B.

### Section A.

#### Lines 15a and 15b

The amounts reported in column A must be related to income reported in Part 1, column B. The amounts reported in column B must be related to income reported in Part 1, column D. The column C total cannot exceed \$2,000.

#### Schedule Y, line 1

The amounts reported in column A must be related to income reported in Part 1, column B. The amounts reported in column B must be related to income reported in Part 1, column D. Complete separate worksheets for columns A and B.

#### Schedule Y, line 2

The amounts reported in column A must be related to income reported in Part 1, column B or on a previous Massachusetts return. The amounts reported in column B must be related to income reported in Part 1, column D or on a previous Massachusetts return.

#### Schedule Y, line 4

The amounts reported in column A must be related to income reported in Part 1, line 5, column B. The amounts reported in column B must be related to income reported in Part 1, line 5, column D.

#### Schedule Y, line 5

The amounts reported in column A must be related to income reported in Part 1, column B. The amounts reported in column B must be related to income reported in Part 1, column D.

#### Schedule Y, line 6

The amounts reported in column A must be related to income reported in Part 1, line 6, column B. The amounts reported in column B must be related to income reported in Part 1, line 6, column D.

### Column C

Add column A and column B and enter the total in each applicable line of Form 1-NR/PY or Schedule Y.

### Section B

**Note:** You may claim only a deduction for either line 16 or line 17. Refer to the Form 1-NR/PY instructions to determine which deduction is better for you.

**Line 16**

Complete the worksheet in Form 1-NR/PY instructions through item C and enter that amount in column A. In column B enter the amount from column A that is related to your Mass. resident period. Subtract column B from column A and enter the result in column C. Multiply the amount from column C by Form 1-NR/PY, line 14g and enter the result in column D. Add columns B and D and enter the result in column E and Form 1-NR/PY, line 16.

**Line 17**

If you have a dependent member of your household under age 12 on 12/31/99 and you are not claiming an amount in line 16, enter \$1,200 in column A. Multiply the column A amount by Form 1-NR/PY, line 2 and enter the result in column B. Subtract the amount in column B from column A and enter the result in column C. Multiply the column C amount by Form 1-NR/PY, line 14g and enter the result in column D. Add column B and column D and enter the result in column E and in Form 1-NR/PY, line 17.

**Schedule Y, line 3**

In column A enter the total alimony paid from U.S. Form 1040, line 31a. In column B enter the amount from column A paid while you were a Mass. resident. Subtract the column B amount from the column A amount and enter the result in column C. Multiply the column C amount by Form 1-NR/PY, line 14g and enter the result in column D. Add column B and column D and enter the total in column E and in Form 1-NR/PY, Schedule Y, line 3.

**Schedule Y, line 5**

In column A enter the total of U.S. Form 1040, lines 24, 25 and any amount included in line 32 for clean fuel vehicle deduction. Multiply the column A amount by Form 1-NR/PY, line 2. Subtract the column B amount from the column A amount and enter the result in column C. Multiply the column C amount by Form 1-NR/PY, line 14g and enter the result in column D. Add column B and column D and enter the total in column E and in Form 1-NR/PY, Schedule Y, line 5.

**Schedule Y, line 7**

Complete the worksheet in Form 1-NR/PY instructions through item 6 and enter that amount in column A. Multiply the amount in column A by Form 1-NR/PY, line 2 and enter the result in column B. Subtract the amount in column B from column A and enter the result in column C. Multiply the column C amount by Form 1-NR/PY, line 14g and enter the result in column D. Add column B and column D and enter the result in column E and in Schedule Y, line 7.

**Line 22**

In column A enter the amount from Form 1-NR/PY, line 4f. Multiply the column A amount by Form 1-NR/PY, line 2 and

enter the result in column B. Subtract the amount in column B from column A and enter the result in column C. Multiply the column C amount by Form 1-NR/PY, line 14g and enter the result in column D. Add column B and column D and enter the result in column E and in Form 1-NR/PY, line 22.

## **Part 3. Earned Income Credit Adjustments**

### **Column A**

Enter in column A the earned income credit amount from your U.S. Form 1040, line 59a; Form 1040A, line 37a; Form 1040EZ, line 8a; or U.S. Telefile Tax Record, item K. Also enter this amount in Form 1-NR/PY, line 39a. If you choose to have the IRS compute your federal earned income credit, wait until the IRS notifies you of your federal earned income credit amount before entering an amount in column A. If you have not received your earned income credit amount as computed by the IRS by April 18, 2000, you may file Massachusetts Form M-4868, Application for Automatic Six-Month Extension of Time to File Massachusetts Income Tax Return.

**Column B**

Multiply the amount in column A by .10 (10%) and enter the result in column B.

**Column C**

Multiply the amount in column B by Form 1-NR/PY, line 2 and enter the result in column C.

**Column D**

Subtract col. C from col. B and enter the result in col. D.

**Column E**

Multiply the amount in column D by Form 1-NR/PY, line 14g and enter the result in column E.

**Column F**

Add column C and column E and enter the result in column F and in Form 1-NR/PY, line 39.

**Completing Form 1-NR/PY**

After entering the amounts from this worksheet in the applicable lines of Form 1-NR/PY, complete Form 1-NR/PY, lines 26 through 46.

**Note:** In Form 1-NR/PY, line 36, only enter amounts listed as Massachusetts withholding.

**Schedule NTS-L-NR/PY**

If completing Schedule NTS-L-NR/PY, enter the amount from Form 1-NR/PY line 14e in line 7 of Schedule NTS-L-NR/PY.

**Schedule F**

You may only claim a Credit for Income Taxes Paid to Another State or Jurisdictions on income received while a Massachusetts resident. Complete Schedule F based on income received during your Massachusetts resident period only.

# 1999 Massachusetts Income Tax Table at the 5.95% Rate

Use this table to calculate tax for taxable 5.95% income (line 23c) of not more than \$80,000.

**Line 24 Instructions:** To find your **Tax on 5.95% Income** (line 24), read down the tax table income column to the line containing the amount you entered in line 23c. Then read across to the **TAX** column and enter this amount in line 24. If your taxable 5.95% income in line 23c is greater than \$80,000, multiply the amount by .0595. Enter the result in line 24.

| INCOME        |                   |     | INCOME              |                   |     | INCOME              |                   |     | INCOME              |                   |     | INCOME              |                   |     | INCOME              |                   |     |
|---------------|-------------------|-----|---------------------|-------------------|-----|---------------------|-------------------|-----|---------------------|-------------------|-----|---------------------|-------------------|-----|---------------------|-------------------|-----|
| More than     | But not more than | TAX | More than           | But not more than | TAX | More than           | But not more than | TAX | More than           | But not more than | TAX | More than           | But not more than | TAX | More than           | But not more than | TAX |
| \$ 1 – \$ 50  | \$ 1              | 4   | \$ 4,000 – \$ 4,050 | \$ 239            |     | \$ 8,000 – \$ 8,050 | \$ 477            |     | \$12,000 – \$12,050 | \$ 715            |     | \$16,000 – \$16,050 | \$ 953            |     | \$20,000 – \$20,050 | \$1,191           |     |
| 50 – 100      | 100               | 4   | 4,050 – 4,100       | 242               |     | 8,050 – 8,100       | 480               |     | 12,050 – 12,100     | 718               |     | 16,050 – 16,100     | 956               |     | 20,050 – 20,100     | 1,194             |     |
| 100 – 150     | 150               | 7   | 4,100 – 4,150       | 245               |     | 8,100 – 8,150       | 483               |     | 12,100 – 12,150     | 721               |     | 16,100 – 16,150     | 959               |     | 20,100 – 20,150     | 1,197             |     |
| 150 – 200     | 200               | 10  | 4,150 – 4,200       | 248               |     | 8,150 – 8,200       | 486               |     | 12,150 – 12,200     | 724               |     | 16,150 – 16,200     | 962               |     | 20,150 – 20,200     | 1,200             |     |
| 200 – 250     | 250               | 13  | 4,200 – 4,250       | 251               |     | 8,200 – 8,250       | 489               |     | 12,200 – 12,250     | 727               |     | 16,200 – 16,250     | 965               |     | 20,200 – 20,250     | 1,203             |     |
| 250 – 300     | 300               | 16  | 4,250 – 4,300       | 254               |     | 8,250 – 8,300       | 492               |     | 12,250 – 12,300     | 730               |     | 16,250 – 16,300     | 968               |     | 20,250 – 20,300     | 1,206             |     |
| 300 – 350     | 350               | 19  | 4,300 – 4,350       | 257               |     | 8,300 – 8,350       | 495               |     | 12,300 – 12,350     | 733               |     | 16,300 – 16,350     | 971               |     | 20,300 – 20,350     | 1,209             |     |
| 350 – 400     | 400               | 22  | 4,350 – 4,400       | 260               |     | 8,350 – 8,400       | 498               |     | 12,350 – 12,400     | 736               |     | 16,350 – 16,400     | 974               |     | 20,350 – 20,400     | 1,212             |     |
| 400 – 450     | 450               | 25  | 4,400 – 4,450       | 263               |     | 8,400 – 8,450       | 501               |     | 12,400 – 12,450     | 739               |     | 16,400 – 16,450     | 977               |     | 20,400 – 20,450     | 1,215             |     |
| 450 – 500     | 500               | 28  | 4,450 – 4,500       | 266               |     | 8,450 – 8,500       | 504               |     | 12,450 – 12,500     | 742               |     | 16,450 – 16,500     | 980               |     | 20,450 – 20,500     | 1,218             |     |
| 500 – 550     | 550               | 31  | 4,500 – 4,550       | 269               |     | 8,500 – 8,550       | 507               |     | 12,500 – 12,550     | 745               |     | 16,500 – 16,550     | 983               |     | 20,500 – 20,550     | 1,221             |     |
| 550 – 600     | 600               | 34  | 4,550 – 4,600       | 272               |     | 8,550 – 8,600       | 510               |     | 12,550 – 12,600     | 748               |     | 16,550 – 16,600     | 986               |     | 20,550 – 20,600     | 1,224             |     |
| 600 – 650     | 650               | 37  | 4,600 – 4,650       | 275               |     | 8,600 – 8,650       | 513               |     | 12,600 – 12,650     | 751               |     | 16,600 – 16,650     | 989               |     | 20,600 – 20,650     | 1,227             |     |
| 650 – 700     | 700               | 40  | 4,650 – 4,700       | 278               |     | 8,650 – 8,700       | 516               |     | 12,650 – 12,700     | 754               |     | 16,650 – 16,700     | 992               |     | 20,650 – 20,700     | 1,230             |     |
| 700 – 750     | 750               | 43  | 4,700 – 4,750       | 281               |     | 8,700 – 8,750       | 519               |     | 12,700 – 12,750     | 757               |     | 16,700 – 16,750     | 995               |     | 20,700 – 20,750     | 1,233             |     |
| 750 – 800     | 800               | 46  | 4,750 – 4,800       | 284               |     | 8,750 – 8,800       | 522               |     | 12,750 – 12,800     | 760               |     | 16,750 – 16,800     | 998               |     | 20,750 – 20,800     | 1,236             |     |
| 800 – 850     | 850               | 49  | 4,800 – 4,850       | 287               |     | 8,800 – 8,850       | 525               |     | 12,800 – 12,850     | 763               |     | 16,800 – 16,850     | 1,001             |     | 20,800 – 20,850     | 1,239             |     |
| 850 – 900     | 900               | 52  | 4,850 – 4,900       | 290               |     | 8,850 – 8,900       | 528               |     | 12,850 – 12,900     | 766               |     | 16,850 – 16,900     | 1,004             |     | 20,850 – 20,900     | 1,242             |     |
| 900 – 950     | 950               | 55  | 4,900 – 4,950       | 293               |     | 8,900 – 8,950       | 531               |     | 12,900 – 12,950     | 769               |     | 16,900 – 16,950     | 1,007             |     | 20,900 – 20,950     | 1,245             |     |
| 950 – 1,000   | 1,000             | 58  | 4,950 – 5,000       | 296               |     | 8,950 – 9,000       | 534               |     | 12,950 – 13,000     | 772               |     | 16,950 – 17,000     | 1,010             |     | 20,950 – 21,000     | 1,248             |     |
| 1,000 – 1,050 | 1,050             | 61  | 5,000 – 5,050       | 299               |     | 9,000 – 9,050       | 537               |     | 13,000 – 13,050     | 775               |     | 17,000 – 17,050     | 1,013             |     | 21,000 – 21,050     | 1,251             |     |
| 1,050 – 1,100 | 1,100             | 64  | 5,050 – 5,100       | 302               |     | 9,050 – 9,100       | 540               |     | 13,050 – 13,100     | 778               |     | 17,050 – 17,100     | 1,016             |     | 21,050 – 21,100     | 1,254             |     |
| 1,100 – 1,150 | 1,150             | 67  | 5,100 – 5,150       | 305               |     | 9,100 – 9,150       | 543               |     | 13,100 – 13,150     | 781               |     | 17,100 – 17,150     | 1,019             |     | 21,100 – 21,150     | 1,257             |     |
| 1,150 – 1,200 | 1,200             | 70  | 5,150 – 5,200       | 308               |     | 9,150 – 9,200       | 546               |     | 13,150 – 13,200     | 784               |     | 17,150 – 17,200     | 1,022             |     | 21,150 – 21,200     | 1,260             |     |
| 1,200 – 1,250 | 1,250             | 73  | 5,200 – 5,250       | 311               |     | 9,200 – 9,250       | 549               |     | 13,200 – 13,250     | 787               |     | 17,200 – 17,250     | 1,025             |     | 21,200 – 21,250     | 1,263             |     |
| 1,250 – 1,300 | 1,300             | 76  | 5,250 – 5,300       | 314               |     | 9,250 – 9,300       | 552               |     | 13,250 – 13,300     | 790               |     | 17,250 – 17,300     | 1,028             |     | 21,250 – 21,300     | 1,266             |     |
| 1,300 – 1,350 | 1,350             | 79  | 5,300 – 5,350       | 317               |     | 9,300 – 9,350       | 555               |     | 13,300 – 13,350     | 793               |     | 17,300 – 17,350     | 1,031             |     | 21,300 – 21,350     | 1,269             |     |
| 1,350 – 1,400 | 1,400             | 82  | 5,350 – 5,400       | 320               |     | 9,350 – 9,400       | 558               |     | 13,350 – 13,400     | 796               |     | 17,350 – 17,400     | 1,034             |     | 21,350 – 21,400     | 1,272             |     |
| 1,400 – 1,450 | 1,450             | 85  | 5,400 – 5,450       | 323               |     | 9,400 – 9,450       | 561               |     | 13,400 – 13,450     | 799               |     | 17,400 – 17,450     | 1,037             |     | 21,400 – 21,450     | 1,275             |     |
| 1,450 – 1,500 | 1,500             | 88  | 5,450 – 5,500       | 326               |     | 9,450 – 9,500       | 564               |     | 13,450 – 13,500     | 802               |     | 17,450 – 17,500     | 1,040             |     | 21,450 – 21,500     | 1,278             |     |
| 1,500 – 1,550 | 1,550             | 91  | 5,500 – 5,550       | 329               |     | 9,500 – 9,550       | 567               |     | 13,500 – 13,550     | 805               |     | 17,500 – 17,550     | 1,043             |     | 21,500 – 21,550     | 1,281             |     |
| 1,550 – 1,600 | 1,600             | 94  | 5,550 – 5,600       | 332               |     | 9,550 – 9,600       | 570               |     | 13,550 – 13,600     | 808               |     | 17,550 – 17,600     | 1,046             |     | 21,550 – 21,600     | 1,284             |     |
| 1,600 – 1,650 | 1,650             | 97  | 5,600 – 5,650       | 335               |     | 9,600 – 9,650       | 573               |     | 13,600 – 13,650     | 811               |     | 17,600 – 17,650     | 1,049             |     | 21,600 – 21,650     | 1,287             |     |
| 1,650 – 1,700 | 1,700             | 100 | 5,650 – 5,700       | 338               |     | 9,650 – 9,700       | 576               |     | 13,650 – 13,700     | 814               |     | 17,650 – 17,700     | 1,052             |     | 21,650 – 21,700     | 1,290             |     |
| 1,700 – 1,750 | 1,750             | 103 | 5,700 – 5,750       | 341               |     | 9,700 – 9,750       | 579               |     | 13,700 – 13,750     | 817               |     | 17,700 – 17,750     | 1,055             |     | 21,700 – 21,750     | 1,293             |     |
| 1,750 – 1,800 | 1,800             | 106 | 5,750 – 5,800       | 344               |     | 9,750 – 9,800       | 582               |     | 13,750 – 13,800     | 820               |     | 17,750 – 17,800     | 1,058             |     | 21,750 – 21,800     | 1,296             |     |
| 1,800 – 1,850 | 1,850             | 109 | 5,800 – 5,850       | 347               |     | 9,800 – 9,850       | 585               |     | 13,800 – 13,850     | 823               |     | 17,800 – 17,850     | 1,061             |     | 21,800 – 21,850     | 1,299             |     |
| 1,850 – 1,900 | 1,900             | 112 | 5,850 – 5,900       | 350               |     | 9,850 – 9,900       | 588               |     | 13,850 – 13,900     | 826               |     | 17,850 – 17,900     | 1,064             |     | 21,850 – 21,900     | 1,302             |     |
| 1,900 – 1,950 | 1,950             | 115 | 5,900 – 5,950       | 353               |     | 9,900 – 9,950       | 591               |     | 13,900 – 13,950     | 829               |     | 17,900 – 17,950     | 1,067             |     | 21,900 – 21,950     | 1,305             |     |
| 1,950 – 2,000 | 2,000             | 118 | 5,950 – 6,000       | 356               |     | 9,950 – 10,000      | 594               |     | 13,950 – 14,000     | 832               |     | 17,950 – 18,000     | 1,070             |     | 21,950 – 22,000     | 1,308             |     |
| 2,000 – 2,050 | 2,050             | 120 | 6,000 – 6,050       | 358               |     | 10,000 – 10,050     | 596               |     | 14,000 – 14,050     | 834               |     | 18,000 – 18,050     | 1,072             |     | 22,000 – 22,050     | 1,310             |     |
| 2,050 – 2,100 | 2,100             | 123 | 6,050 – 6,100       | 361               |     | 10,050 – 10,100     | 599               |     | 14,050 – 14,100     | 837               |     | 18,050 – 18,100     | 1,075             |     | 22,050 – 22,100     | 1,313             |     |
| 2,100 – 2,150 | 2,150             | 126 | 6,100 – 6,150       | 364               |     | 10,100 – 10,150     | 602               |     | 14,100 – 14,150     | 840               |     | 18,100 – 18,150     | 1,078             |     | 22,100 – 22,150     | 1,316             |     |
| 2,150 – 2,200 | 2,200             | 129 | 6,150 – 6,200       | 367               |     | 10,150 – 10,200     | 605               |     | 14,150 – 14,200     | 843               |     | 18,150 – 18,200     | 1,081             |     | 22,150 – 22,200     | 1,319             |     |
| 2,200 – 2,250 | 2,250             | 132 | 6,200 – 6,250       | 370               |     | 10,200 – 10,250     | 608               |     | 14,200 – 14,250     | 846               |     | 18,200 – 18,250     | 1,084             |     | 22,200 – 22,250     | 1,322             |     |
| 2,250 – 2,300 | 2,300             | 135 | 6,250 – 6,300       | 373               |     | 10,250 – 10,300     | 611               |     | 14,250 – 14,300     | 849               |     | 18,250 – 18,300     | 1,087             |     | 22,250 – 22,300     | 1,325             |     |
| 2,300 – 2,350 | 2,350             | 138 | 6,300 – 6,350       | 376               |     | 10,300 – 10,350     | 614               |     | 14,300 – 14,350     | 852               |     | 18,300 – 18,350     | 1,090             |     | 22,300 – 22,350     | 1,328             |     |
| 2,350 – 2,400 | 2,400             | 141 | 6,350 – 6,400       | 379               |     | 10,350 – 10,400     | 617               |     | 14,350 – 14,400     | 855               |     | 18,350 – 18,400     | 1,093             |     | 22,350 – 22,400     | 1,331             |     |
| 2,400 – 2,450 | 2,450             | 144 | 6,400 – 6,450       | 382               |     | 10,400 – 10,450     | 620               |     | 14,400 – 14,450     | 858               |     | 18,400 – 18,450     | 1,096             |     | 22,400 – 22,450     | 1,334             |     |
| 2,450 – 2,500 | 2,500             | 147 | 6,450 – 6,500       | 385               |     | 10,450 – 10,500     | 623               |     | 14,450 – 14,500     | 861               |     | 18,450 – 18,500     | 1,099             |     | 22,450 – 22,500     | 1,337             |     |
| 2,500 – 2,550 | 2,550             | 150 | 6,500 – 6,550       | 388               |     | 10,500 – 10,550     | 626               |     | 14,500 – 14,550     | 864               |     | 18,500 – 18,550     | 1,102             |     | 22,500 – 22,550     | 1,340             |     |
| 2,550 – 2,600 | 2,600             | 153 | 6,550 – 6,600       | 391               |     | 10,550 – 10,600     | 629               |     | 14,550 – 14,600     | 867               |     | 18,550 – 18,600     | 1,105             |     | 22,550 – 22,600     | 1,343             |     |
| 2,600 – 2,650 | 2,650             | 156 | 6,600 – 6,650       | 394               |     | 10,600 – 10,650     |                   |     |                     |                   |     |                     |                   |     |                     |                   |     |



# 1999 Massachusetts Income Tax Table at the 5.95% Rate

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| INCOME              |                   |              | INCOME              |                   |              | INCOME              |                   |              | INCOME              |                   |              | INCOME              |                   |              | INCOME              |                   |              |
|---------------------|-------------------|--------------|---------------------|-------------------|--------------|---------------------|-------------------|--------------|---------------------|-------------------|--------------|---------------------|-------------------|--------------|---------------------|-------------------|--------------|
| More than           | But not more than | TAX          | More than           | But not more than | TAX          | More than           | But not more than | TAX          | More than           | But not more than | TAX          | More than           | But not more than | TAX          | More than           | But not more than | TAX          |
| \$24,000 – \$24,050 |                   | <b>1,429</b> | \$28,750 – \$28,800 |                   | <b>1,712</b> | \$33,500 – \$33,550 |                   | <b>1,995</b> | \$38,250 – \$38,300 |                   | <b>2,277</b> | \$43,000 – \$43,050 |                   | <b>2,560</b> | \$47,750 – \$47,800 |                   | <b>2,843</b> |
| 24,050 – 24,100     |                   | <b>1,432</b> | 28,800 – 28,850     |                   | <b>1,715</b> | 33,550 – 33,600     |                   | <b>1,998</b> | 38,300 – 38,350     |                   | <b>2,280</b> | 43,050 – 43,100     |                   | <b>2,563</b> | 47,800 – 47,850     |                   | <b>2,846</b> |
| 24,100 – 24,150     |                   | <b>1,435</b> | 28,850 – 28,900     |                   | <b>1,718</b> | 33,600 – 33,650     |                   | <b>2,001</b> | 38,350 – 38,400     |                   | <b>2,283</b> | 43,100 – 43,150     |                   | <b>2,566</b> | 47,850 – 47,900     |                   | <b>2,849</b> |
| 24,150 – 24,200     |                   | <b>1,438</b> | 28,900 – 28,950     |                   | <b>1,721</b> | 33,650 – 33,700     |                   | <b>2,004</b> | 38,400 – 38,450     |                   | <b>2,286</b> | 43,150 – 43,200     |                   | <b>2,569</b> | 47,900 – 47,950     |                   | <b>2,852</b> |
| 24,200 – 24,250     |                   | <b>1,441</b> | 28,950 – 29,000     |                   | <b>1,724</b> | 33,700 – 33,750     |                   | <b>2,007</b> | 38,450 – 38,500     |                   | <b>2,289</b> | 43,200 – 43,250     |                   | <b>2,572</b> | 47,950 – 48,000     |                   | <b>2,855</b> |
| 24,250 – 24,300     |                   | <b>1,444</b> | 29,000 – 29,050     |                   | <b>1,727</b> | 33,750 – 33,800     |                   | <b>2,010</b> | 38,500 – 38,550     |                   | <b>2,292</b> | 43,250 – 43,300     |                   | <b>2,575</b> | 48,000 – 48,050     |                   | <b>2,857</b> |
| 24,300 – 24,350     |                   | <b>1,447</b> | 29,050 – 29,100     |                   | <b>1,730</b> | 33,800 – 33,850     |                   | <b>2,013</b> | 38,550 – 38,600     |                   | <b>2,295</b> | 43,300 – 43,350     |                   | <b>2,578</b> | 48,050 – 48,100     |                   | <b>2,860</b> |
| 24,350 – 24,400     |                   | <b>1,450</b> | 29,100 – 29,150     |                   | <b>1,733</b> | 33,850 – 33,900     |                   | <b>2,016</b> | 38,600 – 38,650     |                   | <b>2,298</b> | 43,350 – 43,400     |                   | <b>2,581</b> | 48,100 – 48,150     |                   | <b>2,863</b> |
| 24,400 – 24,450     |                   | <b>1,453</b> | 29,150 – 29,200     |                   | <b>1,736</b> | 33,900 – 33,950     |                   | <b>2,019</b> | 38,650 – 38,700     |                   | <b>2,301</b> | 43,400 – 43,450     |                   | <b>2,584</b> | 48,150 – 48,200     |                   | <b>2,866</b> |
| 24,450 – 24,500     |                   | <b>1,456</b> | 29,200 – 29,250     |                   | <b>1,739</b> | 33,950 – 34,000     |                   | <b>2,022</b> | 38,700 – 38,750     |                   | <b>2,304</b> | 43,450 – 43,500     |                   | <b>2,587</b> | 48,200 – 48,250     |                   | <b>2,869</b> |
| 24,500 – 24,550     |                   | <b>1,459</b> | 29,250 – 29,300     |                   | <b>1,742</b> | 34,000 – 34,050     |                   | <b>2,024</b> | 38,750 – 38,800     |                   | <b>2,307</b> | 43,500 – 43,550     |                   | <b>2,590</b> | 48,250 – 48,300     |                   | <b>2,872</b> |
| 24,550 – 24,600     |                   | <b>1,462</b> | 29,300 – 29,350     |                   | <b>1,745</b> | 34,050 – 34,100     |                   | <b>2,027</b> | 38,800 – 38,850     |                   | <b>2,310</b> | 43,550 – 43,600     |                   | <b>2,593</b> | 48,300 – 48,350     |                   | <b>2,875</b> |
| 24,600 – 24,650     |                   | <b>1,465</b> | 29,350 – 29,400     |                   | <b>1,748</b> | 34,100 – 34,150     |                   | <b>2,030</b> | 38,850 – 38,900     |                   | <b>2,313</b> | 43,600 – 43,650     |                   | <b>2,596</b> | 48,350 – 48,400     |                   | <b>2,878</b> |
| 24,650 – 24,700     |                   | <b>1,468</b> | 29,400 – 29,450     |                   | <b>1,751</b> | 34,150 – 34,200     |                   | <b>2,033</b> | 38,900 – 38,950     |                   | <b>2,316</b> | 43,650 – 43,700     |                   | <b>2,599</b> | 48,400 – 48,450     |                   | <b>2,881</b> |
| 24,700 – 24,750     |                   | <b>1,471</b> | 29,450 – 29,500     |                   | <b>1,754</b> | 34,200 – 34,250     |                   | <b>2,036</b> | 38,950 – 39,000     |                   | <b>2,319</b> | 43,700 – 43,750     |                   | <b>2,602</b> | 48,450 – 48,500     |                   | <b>2,884</b> |
| 24,750 – 24,800     |                   | <b>1,474</b> | 29,500 – 29,550     |                   | <b>1,757</b> | 34,250 – 34,300     |                   | <b>2,039</b> | 39,000 – 39,050     |                   | <b>2,322</b> | 43,750 – 43,800     |                   | <b>2,605</b> | 48,500 – 48,550     |                   | <b>2,887</b> |
| 24,800 – 24,850     |                   | <b>1,477</b> | 29,550 – 29,600     |                   | <b>1,760</b> | 34,300 – 34,350     |                   | <b>2,042</b> | 39,050 – 39,100     |                   | <b>2,325</b> | 43,800 – 43,850     |                   | <b>2,608</b> | 48,550 – 48,600     |                   | <b>2,890</b> |
| 24,850 – 24,900     |                   | <b>1,480</b> | 29,600 – 29,650     |                   | <b>1,763</b> | 34,350 – 34,400     |                   | <b>2,045</b> | 39,100 – 39,150     |                   | <b>2,328</b> | 43,850 – 43,900     |                   | <b>2,611</b> | 48,600 – 48,650     |                   | <b>2,893</b> |
| 24,900 – 24,950     |                   | <b>1,483</b> | 29,650 – 29,700     |                   | <b>1,766</b> | 34,400 – 34,450     |                   | <b>2,048</b> | 39,150 – 39,200     |                   | <b>2,331</b> | 43,900 – 43,950     |                   | <b>2,614</b> | 48,650 – 48,700     |                   | <b>2,896</b> |
| 24,950 – 25,000     |                   | <b>1,486</b> | 29,700 – 29,750     |                   | <b>1,769</b> | 34,450 – 34,500     |                   | <b>2,051</b> | 39,200 – 39,250     |                   | <b>2,334</b> | 43,950 – 44,000     |                   | <b>2,617</b> | 48,700 – 48,750     |                   | <b>2,899</b> |
| 25,000 – 25,050     |                   | <b>1,489</b> | 29,750 – 29,800     |                   | <b>1,772</b> | 34,500 – 34,550     |                   | <b>2,054</b> | 39,250 – 39,300     |                   | <b>2,337</b> | 44,000 – 44,050     |                   | <b>2,619</b> | 48,750 – 48,800     |                   | <b>2,902</b> |
| 25,050 – 25,100     |                   | <b>1,492</b> | 29,800 – 29,850     |                   | <b>1,775</b> | 34,550 – 34,600     |                   | <b>2,057</b> | 39,300 – 39,350     |                   | <b>2,340</b> | 44,050 – 44,100     |                   | <b>2,622</b> | 48,800 – 48,850     |                   | <b>2,905</b> |
| 25,100 – 25,150     |                   | <b>1,495</b> | 29,850 – 29,900     |                   | <b>1,778</b> | 34,600 – 34,650     |                   | <b>2,060</b> | 39,350 – 39,400     |                   | <b>2,343</b> | 44,100 – 44,150     |                   | <b>2,625</b> | 48,850 – 48,900     |                   | <b>2,908</b> |
| 25,150 – 25,200     |                   | <b>1,498</b> | 29,900 – 29,950     |                   | <b>1,781</b> | 34,650 – 34,700     |                   | <b>2,063</b> | 39,400 – 39,450     |                   | <b>2,346</b> | 44,150 – 44,200     |                   | <b>2,628</b> | 48,900 – 48,950     |                   | <b>2,911</b> |
| 25,200 – 25,250     |                   | <b>1,501</b> | 29,950 – 30,000     |                   | <b>1,784</b> | 34,700 – 34,750     |                   | <b>2,066</b> | 39,450 – 39,500     |                   | <b>2,349</b> | 44,200 – 44,250     |                   | <b>2,631</b> | 48,950 – 49,000     |                   | <b>2,914</b> |
| 25,250 – 25,300     |                   | <b>1,504</b> | 30,000 – 30,050     |                   | <b>1,786</b> | 34,750 – 34,800     |                   | <b>2,069</b> | 39,500 – 39,550     |                   | <b>2,352</b> | 44,250 – 44,300     |                   | <b>2,634</b> | 49,000 – 49,050     |                   | <b>2,917</b> |
| 25,300 – 25,350     |                   | <b>1,507</b> | 30,050 – 30,100     |                   | <b>1,789</b> | 34,800 – 34,850     |                   | <b>2,072</b> | 39,550 – 39,600     |                   | <b>2,355</b> | 44,300 – 44,350     |                   | <b>2,637</b> | 49,050 – 49,100     |                   | <b>2,920</b> |
| 25,350 – 25,400     |                   | <b>1,510</b> | 30,100 – 30,150     |                   | <b>1,792</b> | 34,850 – 34,900     |                   | <b>2,075</b> | 39,600 – 39,650     |                   | <b>2,358</b> | 44,350 – 44,400     |                   | <b>2,640</b> | 49,100 – 49,150     |                   | <b>2,923</b> |
| 25,400 – 25,450     |                   | <b>1,513</b> | 30,150 – 30,200     |                   | <b>1,795</b> | 34,900 – 34,950     |                   | <b>2,078</b> | 39,650 – 39,700     |                   | <b>2,361</b> | 44,400 – 44,450     |                   | <b>2,643</b> | 49,150 – 49,200     |                   | <b>2,926</b> |
| 25,450 – 25,500     |                   | <b>1,516</b> | 30,200 – 30,250     |                   | <b>1,798</b> | 34,950 – 35,000     |                   | <b>2,081</b> | 39,700 – 39,750     |                   | <b>2,364</b> | 44,450 – 44,500     |                   | <b>2,646</b> | 49,200 – 49,250     |                   | <b>2,929</b> |
| 25,500 – 25,550     |                   | <b>1,519</b> | 30,250 – 30,300     |                   | <b>1,801</b> | 35,000 – 35,050     |                   | <b>2,084</b> | 39,750 – 39,800     |                   | <b>2,367</b> | 44,500 – 44,550     |                   | <b>2,649</b> | 49,250 – 49,300     |                   | <b>2,932</b> |
| 25,550 – 25,600     |                   | <b>1,522</b> | 30,300 – 30,350     |                   | <b>1,804</b> | 35,050 – 35,100     |                   | <b>2,087</b> | 39,800 – 39,850     |                   | <b>2,370</b> | 44,550 – 44,600     |                   | <b>2,652</b> | 49,300 – 49,350     |                   | <b>2,935</b> |
| 25,600 – 25,650     |                   | <b>1,525</b> | 30,350 – 30,400     |                   | <b>1,807</b> | 35,100 – 35,150     |                   | <b>2,090</b> | 39,850 – 39,900     |                   | <b>2,373</b> | 44,600 – 44,650     |                   | <b>2,655</b> | 49,350 – 49,400     |                   | <b>2,938</b> |
| 25,650 – 25,700     |                   | <b>1,528</b> | 30,400 – 30,450     |                   | <b>1,810</b> | 35,150 – 35,200     |                   | <b>2,093</b> | 39,900 – 39,950     |                   | <b>2,376</b> | 44,650 – 44,700     |                   | <b>2,658</b> | 49,400 – 49,450     |                   | <b>2,941</b> |
| 25,700 – 25,750     |                   | <b>1,531</b> | 30,450 – 30,500     |                   | <b>1,813</b> | 35,200 – 35,250     |                   | <b>2,096</b> | 39,950 – 40,000     |                   | <b>2,379</b> | 44,700 – 44,750     |                   | <b>2,661</b> | 49,450 – 49,500     |                   | <b>2,944</b> |
| 25,750 – 25,800     |                   | <b>1,534</b> | 30,500 – 30,550     |                   | <b>1,816</b> | 35,250 – 35,300     |                   | <b>2,099</b> | 40,000 – 40,050     |                   | <b>2,381</b> | 44,750 – 44,800     |                   | <b>2,664</b> | 49,500 – 49,550     |                   | <b>2,947</b> |
| 25,800 – 25,850     |                   | <b>1,537</b> | 30,550 – 30,600     |                   | <b>1,819</b> | 35,300 – 35,350     |                   | <b>2,102</b> | 40,050 – 40,100     |                   | <b>2,384</b> | 44,800 – 44,850     |                   | <b>2,667</b> | 49,550 – 49,600     |                   | <b>2,950</b> |
| 25,850 – 25,900     |                   | <b>1,540</b> | 30,600 – 30,650     |                   | <b>1,822</b> | 35,350 – 35,400     |                   | <b>2,105</b> | 40,100 – 40,150     |                   | <b>2,387</b> | 44,850 – 44,900     |                   | <b>2,670</b> | 49,600 – 49,650     |                   | <b>2,953</b> |
| 25,900 – 25,950     |                   | <b>1,543</b> | 30,650 – 30,700     |                   | <b>1,825</b> | 35,400 – 35,450     |                   | <b>2,108</b> | 40,150 – 40,200     |                   | <b>2,390</b> | 44,900 – 44,950     |                   | <b>2,673</b> | 49,650 – 49,700     |                   | <b>2,956</b> |
| 25,950 – 26,000     |                   | <b>1,546</b> | 30,700 – 30,750     |                   | <b>1,828</b> | 35,450 – 35,500     |                   | <b>2,111</b> | 40,200 – 40,250     |                   | <b>2,393</b> | 44,950 – 45,000     |                   | <b>2,676</b> | 49,700 – 49,750     |                   | <b>2,959</b> |
| 26,000 – 26,050     |                   | <b>1,548</b> | 30,750 – 30,800     |                   | <b>1,831</b> | 35,500 – 35,550     |                   | <b>2,114</b> | 40,250 – 40,300     |                   | <b>2,396</b> | 45,000 – 45,050     |                   | <b>2,679</b> | 49,750 – 49,800     |                   | <b>2,962</b> |
| 26,050 – 26,100     |                   | <b>1,551</b> | 30,800 – 30,850     |                   | <b>1,834</b> | 35,550 – 35,600     |                   | <b>2,117</b> | 40,300 – 40,350     |                   | <b>2,399</b> | 45,050 – 45,100     |                   | <b>2,682</b> | 49,800 – 49,850     |                   | <b>2,965</b> |
| 26,100 – 26,150     |                   | <b>1,554</b> | 30,850 – 30,900     |                   | <b>1,837</b> | 35,600 – 35,650     |                   | <b>2,120</b> | 40,350 – 40,400     |                   | <b>2,402</b> | 45,100 – 45,150     |                   | <b>2,685</b> | 49,850 – 49,900     |                   | <b>2,968</b> |
| 26,150 – 26,200     |                   | <b>1,557</b> | 30,900 – 30,950     |                   | <b>1,840</b> | 35,650 – 35,700     |                   | <b>2,123</b> | 40,400 – 40,450     |                   | <b>2,405</b> | 45,150 – 45,200     |                   | <b>2,688</b> | 49,900 – 49,950     |                   | <b>2,971</b> |
| 26,200 – 26,250     |                   | <b>1,560</b> | 30,950 – 31,000     |                   | <b>1,843</b> | 35,700 – 35,750     |                   | <b>2,126</b> | 40,450 – 40,500     |                   | <b>2,408</b> | 45,200 – 45,250     |                   | <b>2,691</b> | 49,950 – 50,000     |                   | <b>2,974</b> |
| 26,250 – 26,300     |                   | <b>1,563</b> | 31,000 – 31,050     |                   | <b>1,846</b> | 35,750 – 35,800     |                   | <b>2,129</b> | 40,500 – 40,550     |                   | <b>2,411</b> | 45,250 – 45,300     |                   | <b>2,694</b> | 50,000 – 50,050     |                   | <b>2,976</b> |
| 26,300 – 26,350     |                   | <b>1,566</b> | 31,050 – 31,100     |                   | <b>1,849</b> | 35,800 – 35,850     |                   | <b>2,132</b> | 40,550 – 40,600     |                   | <b>2,414</b> | 45,300 – 45,350     |                   | <b>2,697</b> | 50,050 – 50,100     |                   | <b>2,979</b> |
| 26,350 – 26,400     |                   | <b>1,569</b> | 31,100 – 31,150     |                   | <b>1,852</b> | 35,850 – 35,900     |                   | <b>2,135</b> | 40,600 – 40,650     |                   | <b>2,417</b> | 45,350 – 45,400     |                   | <b>2,700</b> | 50,100 – 50,150     |                   | <b>2,982</b> |
| 26,400 – 26,450     |                   | <b>1,572</b> | 31,150 – 31,200     |                   | <b>1,855</b> | 35,900 – 35,950     |                   | <b>2,138</b> | 40,650 – 40,700     |                   | <b>2,420</b> | 45,400 – 45,450     |                   | <b>2,703</b> | 50,150 – 50,200     |                   | <b>2,985</b> |
| 26,450 – 26,500     |                   | <b>1,575</b> | 31,200 – 31,250     |                   | <b>1,858</b> | 35,950 – 36,000     |                   | <b>2,141</b> | 40,700 – 40,750     |                   | <b>2,423</b> | 45,450 – 45,500     |                   | <b>2,706</b> | 50,200 – 50,250     |                   | <b>2,988</b> |
| 26,500 – 26,550     |                   | <b>1,578</b> | 31,250 – 31,300     |                   | <b>1,861</b> | 36,000 – 36,050     |                   | <b>2,143</b> | 40,750 – 40,800     |                   | <b>2,426</b> | 45,500 – 45,550     |                   | <b>2,709</b> | 50,250 – 50,300     |                   | <b>2,991</b> |
| 26,550 – 26,600     |                   | <b>1,581</b> | 31,300 – 31,350     |                   | <b>1,864</b> | 36,050 – 36,100     |                   | <b>2,146</b> | 40,800 – 40,850     |                   | <b>2,429</b> | 45,550 – 45,600     |                   | <b>2,712</b> | 50,300 – 50,350     |                   | <b>2,994</b> |
| 26,600 – 26,650     |                   | <b>1,584</b> | 31,350 – 31,400     |                   | <b>1,867</b> | 36,100 – 36,150     |                   | <b>2,149</b> | 40                  |                   |              |                     |                   |              |                     |                   |              |

# 1999 Massachusetts Income Tax Table at the 5.95% Rate

| INCOME    |                   |         | INCOME    |                   |         | INCOME    |                   |         | INCOME    |                   |         | INCOME    |                   |         | INCOME    |                   |         |
|-----------|-------------------|---------|-----------|-------------------|---------|-----------|-------------------|---------|-----------|-------------------|---------|-----------|-------------------|---------|-----------|-------------------|---------|
| More than | But not more than | TAX     | More than | But not more than | TAX     | More than | But not more than | TAX     | More than | But not more than | TAX     | More than | But not more than | TAX     | More than | But not more than | TAX     |
| \$52,500  | \$52,550          | \$3,125 | \$57,250  | \$57,300          | \$3,408 | \$62,000  | \$62,050          | \$3,690 | \$66,750  | \$66,800          | \$3,973 | \$71,500  | \$71,550          | \$4,256 | \$76,250  | \$76,300          | \$4,538 |
| 52,550    | 52,600            | 3,128   | 57,300    | 57,350            | 3,411   | 62,050    | 62,100            | 3,693   | 66,800    | 66,850            | 3,976   | 71,550    | 71,600            | 4,259   | 76,300    | 76,350            | 4,541   |
| 52,600    | 52,650            | 3,131   | 57,350    | 57,400            | 3,414   | 62,100    | 62,150            | 3,696   | 66,850    | 66,900            | 3,979   | 71,600    | 71,650            | 4,262   | 76,350    | 76,400            | 4,544   |
| 52,650    | 52,700            | 3,134   | 57,400    | 57,450            | 3,417   | 62,150    | 62,200            | 3,699   | 66,900    | 66,950            | 3,982   | 71,650    | 71,700            | 4,265   | 76,400    | 76,450            | 4,547   |
| 52,700    | 52,750            | 3,137   | 57,450    | 57,500            | 3,420   | 62,200    | 62,250            | 3,702   | 66,950    | 67,000            | 3,985   | 71,700    | 71,750            | 4,268   | 76,450    | 76,500            | 4,550   |
| 52,750    | 52,800            | 3,140   | 57,500    | 57,550            | 3,423   | 62,250    | 62,300            | 3,705   | 67,000    | 67,050            | 3,988   | 71,750    | 71,800            | 4,271   | 76,500    | 76,550            | 4,553   |
| 52,800    | 52,850            | 3,143   | 57,550    | 57,600            | 3,426   | 62,300    | 62,350            | 3,708   | 67,050    | 67,100            | 3,991   | 71,800    | 71,850            | 4,274   | 76,550    | 76,600            | 4,556   |
| 52,850    | 52,900            | 3,146   | 57,600    | 57,650            | 3,429   | 62,350    | 62,400            | 3,711   | 67,100    | 67,150            | 3,994   | 71,850    | 71,900            | 4,277   | 76,600    | 76,650            | 4,559   |
| 52,900    | 52,950            | 3,149   | 57,650    | 57,700            | 3,432   | 62,400    | 62,450            | 3,714   | 67,150    | 67,200            | 3,997   | 71,900    | 71,950            | 4,280   | 76,650    | 76,700            | 4,562   |
| 52,950    | 53,000            | 3,152   | 57,700    | 57,750            | 3,435   | 62,450    | 62,500            | 3,717   | 67,200    | 67,250            | 4,000   | 71,950    | 72,000            | 4,283   | 76,700    | 76,750            | 4,565   |
| 53,000    | 53,050            | 3,155   | 57,750    | 57,800            | 3,438   | 62,500    | 62,550            | 3,720   | 67,250    | 67,300            | 4,003   | 72,000    | 72,050            | 4,286   | 76,750    | 76,800            | 4,568   |
| 53,050    | 53,100            | 3,158   | 57,800    | 57,850            | 3,441   | 62,550    | 62,600            | 3,723   | 67,300    | 67,350            | 4,006   | 72,050    | 72,100            | 4,289   | 76,800    | 76,850            | 4,571   |
| 53,100    | 53,150            | 3,161   | 57,850    | 57,900            | 3,444   | 62,600    | 62,650            | 3,726   | 67,350    | 67,400            | 4,009   | 72,100    | 72,150            | 4,292   | 76,850    | 76,900            | 4,574   |
| 53,150    | 53,200            | 3,164   | 57,900    | 57,950            | 3,447   | 62,650    | 62,700            | 3,729   | 67,400    | 67,450            | 4,012   | 72,150    | 72,200            | 4,295   | 76,900    | 76,950            | 4,577   |
| 53,200    | 53,250            | 3,167   | 57,950    | 58,000            | 3,450   | 62,700    | 62,750            | 3,732   | 67,450    | 67,500            | 4,015   | 72,200    | 72,250            | 4,298   | 76,950    | 77,000            | 4,580   |
| 53,250    | 53,300            | 3,170   | 58,000    | 58,050            | 3,452   | 62,750    | 62,800            | 3,735   | 67,500    | 67,550            | 4,018   | 72,250    | 72,300            | 4,301   | 77,000    | 77,050            | 4,583   |
| 53,300    | 53,350            | 3,173   | 58,050    | 58,100            | 3,455   | 62,800    | 62,850            | 3,738   | 67,550    | 67,600            | 4,021   | 72,300    | 72,350            | 4,304   | 77,050    | 77,100            | 4,586   |
| 53,350    | 53,400            | 3,176   | 58,100    | 58,150            | 3,458   | 62,850    | 62,900            | 3,741   | 67,600    | 67,650            | 4,024   | 72,350    | 72,400            | 4,307   | 77,100    | 77,150            | 4,589   |
| 53,400    | 53,450            | 3,179   | 58,150    | 58,200            | 3,461   | 62,900    | 62,950            | 3,744   | 67,650    | 67,700            | 4,027   | 72,400    | 72,450            | 4,310   | 77,150    | 77,200            | 4,592   |
| 53,450    | 53,500            | 3,182   | 58,200    | 58,250            | 3,464   | 62,950    | 63,000            | 3,747   | 67,700    | 67,750            | 4,030   | 72,450    | 72,500            | 4,313   | 77,200    | 77,250            | 4,595   |
| 53,500    | 53,550            | 3,185   | 58,250    | 58,300            | 3,467   | 63,000    | 63,050            | 3,750   | 67,750    | 67,800            | 4,033   | 72,500    | 72,550            | 4,316   | 77,250    | 77,300            | 4,598   |
| 53,550    | 53,600            | 3,188   | 58,300    | 58,350            | 3,470   | 63,050    | 63,100            | 3,753   | 67,800    | 67,850            | 4,036   | 72,550    | 72,600            | 4,319   | 77,300    | 77,350            | 4,601   |
| 53,600    | 53,650            | 3,191   | 58,350    | 58,400            | 3,473   | 63,100    | 63,150            | 3,756   | 67,850    | 67,900            | 4,039   | 72,600    | 72,650            | 4,322   | 77,350    | 77,400            | 4,604   |
| 53,650    | 53,700            | 3,194   | 58,400    | 58,450            | 3,476   | 63,150    | 63,200            | 3,759   | 67,900    | 67,950            | 4,042   | 72,650    | 72,700            | 4,325   | 77,400    | 77,450            | 4,607   |
| 53,700    | 53,750            | 3,197   | 58,450    | 58,500            | 3,479   | 63,200    | 63,250            | 3,762   | 67,950    | 68,000            | 4,045   | 72,700    | 72,750            | 4,328   | 77,450    | 77,500            | 4,610   |
| 53,750    | 53,800            | 3,200   | 58,500    | 58,550            | 3,482   | 63,250    | 63,300            | 3,765   | 68,000    | 68,050            | 4,048   | 72,750    | 72,800            | 4,331   | 77,500    | 77,550            | 4,613   |
| 53,800    | 53,850            | 3,203   | 58,550    | 58,600            | 3,485   | 63,300    | 63,350            | 3,768   | 68,050    | 68,100            | 4,051   | 72,800    | 72,850            | 4,334   | 77,550    | 77,600            | 4,616   |
| 53,850    | 53,900            | 3,206   | 58,600    | 58,650            | 3,488   | 63,350    | 63,400            | 3,771   | 68,100    | 68,150            | 4,054   | 72,850    | 72,900            | 4,337   | 77,600    | 77,650            | 4,619   |
| 53,900    | 53,950            | 3,209   | 58,650    | 58,700            | 3,491   | 63,400    | 63,450            | 3,774   | 68,150    | 68,200            | 4,057   | 72,900    | 72,950            | 4,340   | 77,650    | 77,700            | 4,622   |
| 53,950    | 54,000            | 3,212   | 58,700    | 58,750            | 3,494   | 63,450    | 63,500            | 3,777   | 68,200    | 68,250            | 4,060   | 72,950    | 73,000            | 4,343   | 77,700    | 77,750            | 4,625   |
| 54,000    | 54,050            | 3,215   | 58,750    | 58,800            | 3,497   | 63,500    | 63,550            | 3,780   | 68,250    | 68,300            | 4,063   | 73,000    | 73,050            | 4,346   | 77,750    | 77,800            | 4,628   |
| 54,050    | 54,100            | 3,218   | 58,800    | 58,850            | 3,500   | 63,550    | 63,600            | 3,783   | 68,300    | 68,350            | 4,066   | 73,050    | 73,100            | 4,349   | 77,800    | 77,850            | 4,631   |
| 54,100    | 54,150            | 3,221   | 58,850    | 58,900            | 3,503   | 63,600    | 63,650            | 3,786   | 68,350    | 68,400            | 4,069   | 73,100    | 73,150            | 4,352   | 77,850    | 77,900            | 4,634   |
| 54,150    | 54,200            | 3,224   | 58,900    | 58,950            | 3,506   | 63,650    | 63,700            | 3,789   | 68,400    | 68,450            | 4,072   | 73,150    | 73,200            | 4,355   | 77,900    | 77,950            | 4,637   |
| 54,200    | 54,250            | 3,227   | 58,950    | 59,000            | 3,509   | 63,700    | 63,750            | 3,792   | 68,450    | 68,500            | 4,075   | 73,200    | 73,250            | 4,358   | 77,950    | 78,000            | 4,640   |
| 54,250    | 54,300            | 3,230   | 59,000    | 59,050            | 3,512   | 63,750    | 63,800            | 3,795   | 68,500    | 68,550            | 4,078   | 73,250    | 73,300            | 4,361   | 78,000    | 78,050            | 4,643   |
| 54,300    | 54,350            | 3,233   | 59,050    | 59,100            | 3,515   | 63,800    | 63,850            | 3,798   | 68,550    | 68,600            | 4,081   | 73,300    | 73,350            | 4,364   | 78,050    | 78,100            | 4,646   |
| 54,350    | 54,400            | 3,236   | 59,100    | 59,150            | 3,518   | 63,850    | 63,900            | 3,801   | 68,600    | 68,650            | 4,084   | 73,350    | 73,400            | 4,367   | 78,100    | 78,150            | 4,649   |
| 54,400    | 54,450            | 3,239   | 59,150    | 59,200            | 3,521   | 63,900    | 63,950            | 3,804   | 68,650    | 68,700            | 4,087   | 73,400    | 73,450            | 4,370   | 78,150    | 78,200            | 4,652   |
| 54,450    | 54,500            | 3,242   | 59,200    | 59,250            | 3,524   | 63,950    | 64,000            | 3,807   | 68,700    | 68,750            | 4,090   | 73,450    | 73,500            | 4,373   | 78,200    | 78,250            | 4,655   |
| 54,500    | 54,550            | 3,245   | 59,250    | 59,300            | 3,527   | 64,000    | 64,050            | 3,810   | 68,750    | 68,800            | 4,093   | 73,500    | 73,550            | 4,376   | 78,250    | 78,300            | 4,658   |
| 54,550    | 54,600            | 3,248   | 59,300    | 59,350            | 3,530   | 64,050    | 64,100            | 3,813   | 68,800    | 68,850            | 4,096   | 73,550    | 73,600            | 4,379   | 78,300    | 78,350            | 4,661   |
| 54,600    | 54,650            | 3,251   | 59,350    | 59,400            | 3,533   | 64,100    | 64,150            | 3,816   | 68,850    | 68,900            | 4,099   | 73,600    | 73,650            | 4,382   | 78,350    | 78,400            | 4,664   |
| 54,650    | 54,700            | 3,254   | 59,400    | 59,450            | 3,536   | 64,150    | 64,200            | 3,819   | 68,900    | 68,950            | 4,102   | 73,650    | 73,700            | 4,385   | 78,400    | 78,450            | 4,667   |
| 54,700    | 54,750            | 3,257   | 59,450    | 59,500            | 3,539   | 64,200    | 64,250            | 3,822   | 68,950    | 69,000            | 4,105   | 73,700    | 73,750            | 4,388   | 78,450    | 78,500            | 4,670   |
| 54,750    | 54,800            | 3,260   | 59,500    | 59,550            | 3,542   | 64,250    | 64,300            | 3,825   | 69,000    | 69,050            | 4,108   | 73,750    | 73,800            | 4,391   | 78,500    | 78,550            | 4,673   |
| 54,800    | 54,850            | 3,263   | 59,550    | 59,600            | 3,545   | 64,300    | 64,350            | 3,828   | 69,050    | 69,100            | 4,111   | 73,800    | 73,850            | 4,394   | 78,550    | 78,600            | 4,676   |
| 54,850    | 54,900            | 3,266   | 59,600    | 59,650            | 3,548   | 64,350    | 64,400            | 3,831   | 69,100    | 69,150            | 4,114   | 73,850    | 73,900            | 4,397   | 78,600    | 78,650            | 4,679   |
| 54,900    | 54,950            | 3,269   | 59,650    | 59,700            | 3,551   | 64,400    | 64,450            | 3,834   | 69,150    | 69,200            | 4,117   | 73,900    | 73,950            | 4,400   | 78,650    | 78,700            | 4,682   |
| 54,950    | 55,000            | 3,272   | 59,700    | 59,750            | 3,554   | 64,450    | 64,500            | 3,837   | 69,200    | 69,250            | 4,120   | 73,950    | 74,000            | 4,403   | 78,700    | 78,750            | 4,685   |
| 55,000    | 55,050            | 3,275   | 59,750    | 59,800            | 3,557   | 64,500    | 64,550            | 3,840   | 69,250    | 69,300            | 4,123   | 74,000    | 74,050            | 4,406   | 78,750    | 78,800            | 4,688   |
| 55,050    | 55,100            | 3,278   | 59,800    | 59,850            | 3,560   | 64,550    | 64,600            | 3,843   | 69,300    | 69,350            | 4,126   | 74,050    | 74,100            | 4,409   | 78,800    | 78,850            | 4,691   |
| 55,100    | 55,150            | 3,281   | 59,850    | 59,900            | 3,563   | 64,600    | 64,650            | 3,846   | 69,350    | 69,400            | 4,129   | 74,100    | 74,150            | 4,412   | 78,850    | 78,900            | 4,694   |
| 55,150    | 55,200            | 3,284   | 59,900    | 59,950            | 3,566   | 64,650    | 64,700            | 3,849   | 69,400    | 69,450            | 4,132   | 74,150    | 74,200            | 4,415   | 78,900    | 78,950            | 4,697   |
| 55,200    | 55,250            | 3,287   | 59,950    | 60,000            | 3,569   | 64,700    | 64,750            | 3,852   | 69,450    | 69,500            | 4,135   | 74,200    | 74,250            | 4,418   | 78,950    | 79,000            | 4,700   |
| 55,250    | 55,300            | 3,290   | 60,000    | 60,050            | 3,572   | 64,750    | 64,800            | 3,855   | 69,500    | 69,550            | 4,138   | 74,250    | 74,300            | 4,421   | 79,000    | 79,050            | 4,703   |
| 55,300    | 55,350            | 3,293   | 60,050    | 60,100            | 3,575   | 64,800    | 64,850            | 3,858   | 69,550    | 69,600            | 4,141   | 74,300    | 74,350            | 4,424   | 79,050    | 79,100            | 4,706   |
| 55,350    | 55,400            | 3,296   | 60,100    | 60,150            | 3,578   | 64,850    | 64,900            | 3,861   | 69,600    | 69,650            | 4,144   | 74,350    | 74,400            | 4,427   | 79,100    | 79,150            | 4,709   |
| 55,400    | 55,450            | 3,299   | 60,150    | 60,200            | 3,581   | 64,900    | 64,950            | 3,864   | 69,650    | 69,700            | 4,147   | 74,400    | 74,450            | 4,430   | 79,150    | 79,200            | 4,712   |
| 55,450    | 55,500            | 3,302   | 60,200    | 60,250            | 3,584   | 64,950    | 65,000            | 3,867   | 69,700    | 69,750            | 4,150   | 74,450    | 74,500            | 4,433   | 79,200    | 79,250            | 4,715   |
| 55,500    | 55,550            | 3,305   | 60,250    | 60,300            | 3,587   | 65,000    | 65,050            | 3,870   | 69,750    |                   |         |           |                   |         |           |                   |         |

# Department of Revenue Resources

## DOR Locations in Massachusetts

19 Staniford Street

**Boston** 02204

(617) 887-MDOR

218 South Main Street

**Fall River** 02721

(508) 678-2844

1019 Iyanough Road

**Hyannis** 02601

(508) 771-2414

333 East Street

**Pittsfield** 01201

(413) 499-2206

436 Dwight Street

**Springfield** 01103

(413) 784-1000

40 Southbridge Street

**Worcester** 01608

(508) 792-7300

## DOR Locations throughout the Country

1355 Peachtree Street NE

Suite 1280

**Atlanta, GA** 30309

(404) 874-2922

101 South First Street, 4th floor

**Burbank, CA** 91502

(818) 840-9059

150 North Michigan Avenue

Suite 2035

**Chicago, IL** 60601

(312) 899-9040

2603 Augusta Drive, Suite 1075

**Houston, TX** 77002

(713) 784-7225

1440 Broadway, 22nd floor

**New York, NY** 10022

(212) 768-2750

355 Fifth Avenue, Suite 1400

**Pittsburgh, PA** 15222

(412) 281-2776

## What kind of help is available

The instructions in the Department of Revenue's tax forms should provide answers to most taxpayer questions. If you have questions about completing your Massachusetts tax form, you can call or visit any of the Department of Revenue offices listed on this page Monday through Friday, between 8:45 a.m. and 5:00 p.m. Taxpayers also can call TaxTalk, the Department's 24-hour automated system of recorded tax help, at the main information lines listed below. In addition, DOR issues a number of useful publications on various state tax issues. These publications include: tax-specific guides written in question and answer format such as the *Guide to Filing Your 1999 Massachusetts Income Taxes*; a quarterly newsletter, the *Taxpayer Advisory Bulletin*, with updates on legislative, legal and Departmental decisions; and public written statements, such as Regulations, Technical Information Releases (TIRs), Directives and Letter Rulings.

## Where to get forms and publications



During the income tax filing season, you can pick up Massachusetts personal income tax forms in many convenient locations, including post offices, libraries, and major city or town halls; any DOR office listed on this page; or IRS district offices across the state.



To obtain Massachusetts forms and publications by phone, call the Department's main information lines at (617) 887-MDOR or toll-free in Massachusetts at 1-800-392-6089. Please note that many forms and publications are available 24 hours a day by calling the Department's automated forms request system at the numbers listed above.



Many Massachusetts tax forms and publications are also available via the DOR website. The address for the Department's website is [www.state.ma.us/dor](http://www.state.ma.us/dor).



Certain forms and publications can be obtained through DOR's Fax on Demand system. For a complete Fax on Demand menu, please call (617) 887-1900 using the handset and the keypad on your fax machine.

## For general tax information

**Please call (617) 887-MDOR or toll-free in Massachusetts 1-800-392-6089. These main information lines can provide assistance with the following:**

- |                         |                           |                         |
|-------------------------|---------------------------|-------------------------|
| ▮ abatements            | ▮ corporate trusts        | ▮ partnerships          |
| ▮ bills and payments    | ▮ estate taxes            | ▮ personal income taxes |
| ▮ business registration | ▮ estimated taxes         | ▮ refunds               |
| ▮ business taxes        | ▮ fiduciary taxes         | ▮ withholding           |
| ▮ corporate excise      | ▮ nonresident information |                         |

## For help in one of the following specific areas

- |   |  |
|---|--|
| ▮ Certificates of Good Standing (617) 887-6550  | ▮ Installment sales (617) 887-6950       |
| ▮ Federal changes (617) 887-6800  | ▮ Small Business Workshop (617) 887-6400 |
| ▮ Teletype (TTY) (617) 887-6140   |  |
| ▮ Vision-impaired taxpayers can contact any DOR office listed on this page to receive assistance.   |  |
| ▮ Upon request, this publication is available in an alternative format. Please send your request to: Office of Affirmative Action, PO Box 9488, Boston, MA 02205-9488 or call (617) 626-3410. |  |



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**Massachusetts**

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**Department of**

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**Revenue**

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PO Box 7011

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Boston, MA 02204

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## Dear Taxpayer,

At the Massachusetts Department of Revenue (DOR), digital technology is making it easier than ever to file your state tax return. Last year, 446,000 taxpayers used DOR's Telefile and PC File programs to file their taxes. Those entitled to refunds received them within four days! This year, we have simplified both programs and expanded eligibility so that even more taxpayers will be able to use them.

For more information on these programs or to download DOR's free PC File software, please visit our website, [www.state.ma.us/dor](http://www.state.ma.us/dor). Both Telefile and PC File allow you to deposit your refund check directly into your bank account. Telefile also allows you to use your credit or bank card to pay any tax due.

Improving the quality of our service to you is my highest priority. I have created a new position within DOR — the Taxpayer Advocate — whose job is to see that taxpayers' complaints are identified and resolved as quickly as possible. As a result of two important statutory changes, DOR now has the authority to settle disputed cases much earlier in the assessment process, and taxpayers are no longer required to pay disputed taxes while an appeal is pending.

You should also be aware that there have been changes to the calculation of capital gains taxes in Massachusetts. Taxpayers can now offset all capital losses — whether short or long-term — against any type of capital gain. Please read the instructions to see if you can benefit from this change. Feel free to call the Customer Service Bureau at (617) 887-MDOR or toll-free in Massachusetts at (800) 392-6089 if you have any questions.

In the coming year, I look forward to working with taxpayers and tax specialists across the Commonwealth to improve even further the service that DOR provides.

Sincerely,

A handwritten signature in black ink, reading "Frederick A. Laskey". The signature is fluid and cursive, with the first letters of the first and last names being capitalized and prominent.

Frederick A. Laskey  
Commissioner of Revenue