

Form 121A Instructions

What's New for 2015

Filing Amended Returns and Applications for Abatement for Business Taxes

The Department of Revenue is implementing a new computerized tax system that will make filing returns, submitting payments, and managing taxpayer accounts simpler, quicker, and more efficient than ever before. With this new online tax system, called MassTaxConnect, the amended return process will be automated, and in most cases will be separated from the abatement application process. For further information, see TIR 15-13.

New Electronic Filing and Payment Requirements

Effective January 1, 2016, businesses with combined annual liability for wage withholding, sales and use tax, and other transactional taxes at or exceeding \$5,000 will be required to file and pay their taxes electronically. In addition, certain businesses and organizations, including financial institutions, urban redevelopment excise filers and 501(c) corporations, reporting annual gross income of \$100,000 or more on their corporate excise returns, will also be required to file electronically. For further information, see TIR 15-9.

New Automatic Extension Process for Corporate Filers

The Department is implementing a new automated process for extensions of time to file tax returns for corporate excise taxpayers, beginning with all returns due on or after November 30, 2015, as part of the new MassTaxConnect system. Consistent with current rules, taxpayers meeting certain requirements will be given a seven-month extension in the case of corporate excise taxpayers filing combined reports and a six-month extension for other corporate excise taxpayers. Taxpayers filing unrelated business income tax returns will be given an eight-month extension. For further information, see TIR 15-15.

Who Must File

Every corporation, individual, trust, partnership or entity subject to Massachusetts General Law Chapter 121A, as amended, must file an annual return on Form 121A.

When and Where Returns Are Filed

This return covers the 2015 calendar year and is due on or before March 15, 2016. Returns should be mailed to the **Massachusetts Department of Revenue, PO Box 7052, Boston, MA 02204**. Returns may also be filed using the MassTaxConnect application available at <http://www.mass.gov/dor>.

Extension of Time for Filing

Extension of time for filing returns will be automatically granted upon request. A taxpayer requesting an extension must file Form 355-7004 Misc. on or before March 15, 2016. At the time of filing Form 355-7004 Misc., taxpayers are required to pay **50%** of the tax shown to be due on the return when filed, less credits, if any, for previous payments made. Failure to pay the minimum extension payment will result in the voiding of the extension and the imposition of a late filing penalty.

Penalty for Late Return

Failure to file this return on or before March 15, 2016 or within any extension of time granted, will subject the taxpayer to a penalty of 1% of the amount required to be shown as the tax less payments made on or before March 15, 2016 for each month or fraction thereof, of delinquency up to a maximum of 25%.

Payment of Tax

The entire amount of the tax less any previous payments made is due and payable on the due date. Even though the corporation may obtain an extension of time for filing its return, there is no provision in the law for extending the time for payment.

What Is a Valid Return?

A valid return is a return which properly documents how the taxpayer arrived at their gross income figure on line 1. Preliminary or final audited financial statements and/or a copy of the federal form filed by the taxpayer are examples of proper documentation. In addition, the taxpayer must submit a letter from their city or town assessor attesting to the fair cash value of their property as of January 1, 2016. Failure to meet these minimum requirements may result in a penalty for filing an insufficient return.

Whole Dollar Method

The whole dollar method should be used when entering amounts on the return.

Registration Information

For any questions about your project's registration information please contact the assessing department of your project's city or town or contact the Department at (617) 887-5101 or (617) 887-6710. If your project encompasses several properties, only one property address is necessary. Taxpayers submitting final returns should contact the Department regarding their filing requirements.

The name provided in Item 5 should contain the name, title and contact information (if different from the registration address) of the person the Department should contact with any questions regarding the financial data associated with the project.

Item 7 refers to 'section 8' or similar government subsidized rent payment programs. Projects approved prior to March 22, 1976 must include these payments in their line 1a Gross income figure in the section **Computation of Excise**.

Amended Return

If you need to change a line item on your return, complete a new return with the corrected information and fill in the "Amended Return" oval. Generally, an amended return must be filed within three years of the date that your original return was filed. By filling in the amended return oval, you are giving your consent for the Commissioner of Revenue to act upon your amended return after six months from the date of filing. If you choose not to consent, you must do so in writing and attach it to this amended return. If you do not consent, any requested reduction in tax will be deemed denied at the expiration of six months from the date of filing. If this is an amended Massachusetts return and it does not report changes that result from the filing of a federal amended return or from a federal audit (for example, if the amended Massachusetts

return is reporting only a change in the apportionment calculation or an additional tax credit), check only the “amended return” box. If this is an amended return that includes changes you have reported on an amended federal return filed with the IRS for the same tax year, check both the “amended return” box and the “federal amendment” box. If the amended Massachusetts return incorporates changes that are the result of an IRS audit, check both the “amended return” box and the “federal audit” box; attach a complete copy of the federal audit report and supporting schedules. If you are disputing an assessment resulting from an audit, or are requesting an abatement of penalties, do not file an amended return. Rather, you must file a Form ABT, Application for Abatement. Visit mass.gov/dor/amend for additional information about filing an amended return, or filing an application for abatement.

Computation of Excise Line Item Guidance

Line 1a ought to include all payments described within MGL Chapter 121A, section 10, as amended. For projects using alternate gross income calculation methods (e.g. square footage) please include the pertinent pages of your project’s agreement. For additional guidance, contact the Department.

Line 4 refers to the three years valuation prior to the project becoming a 121A. City of Boston projects should use the figure provided on your fair cash value letter.

Line 7 The rate is the fiscal year 2016 local tax rate. This rate covers the period beginning July 1, 2015 and ending June 30, 2016. Several cities have reported their tax rates as follows: Boston - Residential \$11.00 Commercial \$26.81; Springfield - Residential \$19.66 Commercial /Industrial \$38.60; Worcester – Residential \$20.61 Commercial \$33.98. If your project’s location is not listed above, please contact your project’s city or town’s assessing department to obtain their FY2016 local tax rate.

Line 9 Any corporation that wishes to contribute to the Natural Heritage and Endangered Species Fund may do so on this form. This amount is added to the excise due. The Natural Heritage and Endangered Species Fund is administered by the Department of Fisheries, Wildlife and Environmental Law Enforcement.