



2017 Instructions for Massachusetts Premium Excise Return for Life Insurance Companies Form **63-20P**

Form 63-20P Instructions

Major 2017 Tax Law Changes

Filing Due Dates

Massachusetts law was changed to conform the due dates for Massachusetts C corporation tax returns to federal filing due dates, beginning with tax returns due on or after January 1, 2018. G.L. c. 62C, §§ 11 and 12 have been amended to require C corporations to file their tax returns on or before the 15th day of the fourth month following the close of each taxable year (April 15 in the case of corporations filing on a calendar year basis). This change affects all returns due on or after January 1, 2018, irrespective of a corporation's fiscal year end. The law did not change the filing due date for S corporation tax returns, which remains the 15th day of the third month following the close of each taxable year. See TIR 17-5.

Extension Due Dates for Tax Returns Due on or After January 1, 2018

C corporations are allowed an automatic extension to file their tax returns if they satisfy the payment requirements stated in TIR 15-15. For corporations participating in a combined report pursuant to G.L. c. 63, § 32B, tax returns filed on extension are due seven months from the filing due date (November 15 in the case of corporations filing on a calendar year basis). For corporations filing returns reporting unrelated business income tax under G.L. c. 63, tax returns filed on extension are due eight months from the filing due date (December 15 in the case of corporations filing on a calendar basis). For all other C corporations, tax returns filed on extension are due 6 months from the due date (October 15 in the case of corporations filing on a calendar year basis). See TIR 17-5.

Extension Due Dates for Tax Returns Due on or Before December 31, 2017

The due dates for Massachusetts partnership and C corporation tax returns for tax years beginning after December 31, 2015 that are due on or before December 31, 2017 do not conform to the federal due dates for such returns. The Department of Revenue (DOR) announced late-file penalty relief with respect to such returns. See TIR 17-5.

Veteran's Hire Tax Credit

A new credit is available to businesses that hire veterans who live and work in Massachusetts. The credit is equal to \$2,000 for each qualified veteran hired. The business must employ fewer than 100 employees; be certified by the Commissioner of Veteran's Services; and qualify for and claim the federal Work Opportunity Credit allowed under I.R.C. § 51. A business may be eligible for a second credit for the next taxable year if the veteran continues to work for the business. The credit cannot be transferred or refunded. The credit may not reduce the tax to less than the minimum excise. Any amount of credit that exceeds the tax due in the current taxable year may be carried forward to any of the three subsequent taxable years. The credit is available for qualified veterans hired after July 1, 2017. See TIR 17-10.

Low-Income Housing Donation Tax Credit

A new credit is available to businesses if they donate real or personal property to certain nonprofit entities for use in purchasing, constructing or rehabilitating a Qualified Massachusetts Project. The credit is generally limited to 50% of the amount of the donation, but it may be increased to 65% by the Department of Housing and Community Development. The credit may not reduce the tax to less than the minimum excise. The credit is a one-year credit that must be claimed in the year that the donation is made and is not refundable. Any credit

amounts that exceed the tax due may be carried forward for five years. See TIR 16-15.

Economic Development Incentive Program Tax Credit

For economic development projects certified after January 1, 2017, the credit is no longer tied to the cost of property that would qualify for the investment tax credit allowed under G.L. c. 63, § 31A. Instead, the amount of credit allowed in each case is determined by the Economic Assistance Coordinating Council (EACC) based on numerous factors set forth in G.L. c. 23A § 3D. In addition to determining the amount of credit, the EACC will designate whether the credit is refundable. Recapture is required only if the EACC revokes the certification of a project and is no longer subject to the recapture provision of G.L.c. 63, § 31A(e). The amount of credit subject to recapture will be proportionate to the business' compliance with the job creation requirements applicable to a certified project. If a certified project is sold or otherwise disposed of, the credit allowed may be transferred to the purchaser of the certified project only if approved by the EACC. See TIR 16-15.

Certified Housing Development Tax Credit

The amount of credit available and the types of costs eligible for the credit have changed. The credit is available for 25% of "qualified project expenditures." Formerly, the credit was available for 10% of "qualified substantial rehabilitation expenditures." Additionally, the carry forward period for which the credit can be used has increased from five to 10 years. See TIR 16-15.

Community Investment Tax Credit

A community partner may now claim a subsequent community investment tax credit if the Department of Housing and Community Development determines that the community partner has made satisfactory progress towards utilizing any prior allocation it has received. For further information, see TIR 16-15.

Historic Rehabilitation Tax Credit

The Massachusetts Historical Commission may, subject to certain criteria, transfer the historic rehabilitation tax credit to corporate excise taxpayers that acquire a qualified historic structure. For multi-phased projects, the Massachusetts Historical Commission may transfer historic rehabilitation tax credit awards for any phase that meets the criteria. For further information, see TIR 16-15.

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 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 insurance companies, reporting annual gross income of \$100,000 or more on their corporate excise returns, are required to file electronically. For further information, see TIR 15-9, 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.

Who Must File Form 63-20P?

All domestic life insurance companies, as defined by Massachusetts General Laws (M.G.L.) Chapter 175, sec. 118 and 47, which are sub-

ject to M.G.L., Ch. 63, sec. 20, and which do any or all of their business in Massachusetts, must complete and file Form 63-20P.

A domestic life insurance company is a company incorporated or formed in the Commonwealth.

All classes of foreign life insurance companies on accident and health business subject to M.G.L., Ch. 63, §§ 23, 24 and 24A must file Form 63-20P.

All foreign life insurance companies subject to M.G.L. Ch. 63, §§ 20, 21 and 24A must file Form 63-20P.

A foreign company is any company organized or formed in any state or country other than Massachusetts.

When Must Form 63-20P Be Filed?

Beginning with tax returns due on or after January 1, 2018, life insurance companies are required to file their tax returns on or before April 15. See TIR 17-5.

Can an Insurance Company Obtain an Extension of Time to File?

Form 63-20P filers will receive an automatic six-month extension of time to file Form 63-20P provided they pay any tax due in full on or before the original due date of the return. The filing of Form 355-7004 Misc. is no longer required.

In 2015, DOR adopted an 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 MassTax-Connect system. Consistent with current rules, insurance companies meeting certain payment requirements will be given an automatic six-month extension. For further information, see TIR 15-15.

Note: An extension of time to file is not valid if the corporation fails to pay at least 50% of the total tax liability or the minimum tax of \$456, whichever is greater, through estimated payments or with Form 355-7004.

Any tax not paid on or before the due date — without regard to the extension — shall be subject to an interest charge.

What Are the Penalties for Late Returns?

Insurance excise returns which are not filed on or before the due date are subject to interest and penalty charges. The penalty for failure to pay the total payment due with this form is 1% of the balance due per month (or fraction thereof), up to a maximum of 25% of the tax reported as due on the return. A late payment penalty does not apply to amended returns when the amount shown on the original return was paid.

The penalty for failure to file a return by the due date is 1% of the balance due per month (or fraction thereof), up to a maximum of 25%.

Any tax not paid on or before the due date — without regard to the extension — is subject to interest.

What is a Valid Return?

A valid return is one upon which all required amounts have been entered for all of the appropriate items on the form. Data sheets, account forms, or other documents may be attached to explain these amounts. Referencing items to attachments instead of properly entering all amounts onto the return is not sufficient. The return must be signed by either the treasurer or the assistant treasurer of the company.

To be valid, a return must also include the following:

- Schedule T, Exhibit of Premiums Written from the NAIC Annual Statement;

- Annual Statement for the Year for Direct Business in the State of Massachusetts.

Reproduction of returns must be approved by DOR prior to filing and meet the criteria provided in Technical Information Release 95-8.

Failure to meet any of the requirements detailed in this section may result in a penalty for filing an insufficient return. Such a penalty may be assessed at double the amount of the excise due.

When are Estimated Tax Payments Required?

Any insurance company which reasonably estimates its excise to be in excess of \$1,000 for the taxable year is required to make estimated tax payments to the Commonwealth. Estimated payments must be made in quarterly installments of 40%, 25%, 25% and 10% of the estimated annual tax liability.

Note: New corporations in their first full taxable year with less than 10 employees have different estimated payment percentages — 30%, 25%, 25% and 20% respectively.

Insurance companies that underpay, or fail to pay, their estimated taxes may incur an additional penalty on the amount of the underpayment for the period of the underpayment. Form M-2220, Underpayment of Massachusetts Estimated Tax by Corporations, is used to compute the additional charge.

Any corporation having \$1 million or more of federal taxable income in any of its three preceding taxable years (as defined in § 6655 (g) of the IRC) may only use its prior year's tax liability to calculate its first quarterly estimated tax payment. Any reduction in the first installment payment that results from using this method must be added to the second installment payment.

A company that claims the exception to the underpayment penalty of equaling the prior year's tax liability **must provide federal tax returns** (front page only) for the three preceding taxable years to verify that federal taxable income is less than \$1 million.

Note: Any insurance company required to file more than one type of excise return must also file separate estimated tax payments since each type of tax is governed by a different section of the Massachusetts General Laws.

For more information on corporate estimated taxes, refer to M.G.L., Chapter 63B.

How Is the Excise Determined?

Domestic life insurance companies are taxed both on life and accident and health premiums written in Massachusetts and on premiums written in other jurisdictions where no tax is paid. Form 63-20P filers must also add in dividends applied to purchase paid-up additions and/or to shorten the premium paying period. The tax rate is 2%, after claiming allowable deductions.

Form 63-20P filers are allowed deductions for dividends to policyholders, including those:

- paid in cash;
- applied in reduction of renewal premiums;
- left to accumulate at interest;
- applied to purchase paid-up additions; or
- applied to shorten the premium paying period.

Deductions are also allowed to Form 63-20P filers for returned premiums (not including cash surrender values) and/or premiums for Company Employees' Group Life and Accident and Health plans, only if previously included in line 1 of Part 1.

A deduction for preferred provider arrangement premiums is allowed to those companies who have been approved by the Commissioner of Insurance as preferred provider organizations, if those premiums were previously included in line 1 of Part 1 and reported on Form 63-23P, Premium Excise Return.

Foreign Accident and Health insurance companies are taxed on net direct premiums for insurance of property or interest in Massachusetts.

Foreign life insurance companies are taxed on all new and renewal policies issued during the preceding calendar year if the insured is a resident of Massachusetts at the time the premium was paid.

Filing an Amended Return

If you need to change a line item on your return, complete a return with the corrected information and fill in the "Amended return" oval. An amended return can be filed to either increase or decrease your tax. Generally, an amended return must be filed within three years of the date that your original return was filed. Electronic filing requirements apply to amended returns and disputes. See TIR 16-9 for further information.

Consent to Extend the Time to Act on an Amended Return treated as Abatement Application

In certain instances, an amended return showing a reduction of tax may be treated by DOR as an abatement application. Under such circumstances, by filing an amended return, you are giving your consent for the Commissioner of Revenue to act upon the abatement application after six months from the date of filing. See TIR 16-11. You may withdraw such consent at any time by contacting the DOR in writing. If consent is withdrawn, any requested reduction in tax will be deemed denied either at the expiration of six months from the date of filing or the date consent is withdrawn, whichever is later.

Filing an Application for Abatement

File an Application for Abatement, Form ABT, only to dispute one of the following:

- penalties
- audit assessments
- responsible person determinations

For the fastest response time, file your dispute online at mass.gov/masstaxconnect. If you are not required to file electronically or you cannot file online, use Form ABT.

Visit mass.gov/dor/amend for additional information about filing an amended return, or filing an application for abatement.

What if the Taxpayer Is a Fiscal or Short Year Filer?

File the 2017 return for calendar year 2017 and fiscal years that began in 2017 and ended in 2018. For a fiscal year return, fill in the tax year space at the top of page 1. Short year filers should file using the tax form for the calendar year within which the short year falls. If the short year spans more than one calendar year, the filer should file use the tax form for the calendar year in which the short year began. If the current form is not available at the time the short year filer must file, the filer should follow the rules explained in TIR 11-12.

Are There Special Tax Credits Available In Massachusetts?

Yes. Massachusetts offers several special credits to corporations.

Under M.G.L. Ch. 63, § 32C, a corporation's credits may not offset more than 50% of its excise. Any credits not utilized as a result of this provision may be carried over for an unlimited number of years. This provision does not apply to the Research Credit, the Harbor Maintenance Tax Credit, Low-Income Housing Credit, Historic Rehabilitation Credit, the Film Incentive Credit, Medical Device Credit, Veteran's Hire Tax Credit or the Low-Income Housing Donation Credit.

Credits must be entered on the Credit Manager Schedule (CMS). See page 9 for more information about using the CMS.

Credit Manager Schedule

Note: The taxpayer must complete and enclose a Credit Manager Schedule with its return in order to report all credits generated, taken or carried over from prior years.

The Credit Manager Schedule (CMS), which eliminates Schedule CR (Other Corporate Credits), reports in Section 1 the taxpayer's credits available (including credits carried over from prior years) and the credits taken. Credits are shown in a table format and may be listed in any order. Taxpayers with more than one credit available may choose how much of each credit to take in the current year. A taxpayer participating in a combined report and allowing other members of the combined group to use its credits (as allowed in 830 CMR 63.32B.2(9)) also reports the amount of each credit shared on this schedule.

Some credits are identified on the Credit Manager Schedule by a certificate number. The certificate number for the credit is assigned by the issuing agency (which may be DOR) and must always be reported to claim the credit. A taxpayer with multiple certificates for the same type of credit will enter each separately, with the available (unused) balance associated with that certificate in column (e) and the amount of the credit used in the current year in column (f). Taxpayer's claiming the EDIP Credit for a Certified Jobs Creation Project must enter a certificate number, but are only required to complete the header section of Schedule EDIP.

Some credits are identified by the tax period end date which refers to the period in which the credit originated. This may be the current taxable year or a prior year if the credit is being carried forward from a prior year. If the period of origin is the current year, a schedule detailing the calculation of the amount of credit must be enclosed with the return. If the period of origin is a prior year, only the amount carried over to and available in the current year is shown in column (e) and no calculation schedule is required.

If, by operation of M.G.L. c. 63, s. 32C or another provision of law, a credit normally identified by period of origin is eligible for indefinite carryover, the credit should be reported as "non-expiring"; the taxpayer is not required to identify the period of origin on the Credit Manager Schedule. (Non-expiring credits were formerly referred to as "unlimited.")

The abbreviation in the enumeration column is used to identify the credit type on the Credit Manager Schedule.

Section 2 of the Credit Manager Schedule reports any refundable credits claimed in the current year.

Certain credits are refundable only if specifically authorized (or, in the case of the Film Credit, if the original recipient has not transferred the credit to another). Other conditions may apply depending on the terms applicable to the specific credit. Credits are identified separately. The amount in column (f) is the amount of the refund requested, which may be 100% or 90% of the amount reported in column (e).

For more information and examples, see the Credit Manager Schedule instructions.

Credit Recapture Schedule

Certain Massachusetts tax credits are subject to recapture as specified in the statute authorizing the credit (e.g. the investment tax credit is subject to recapture under M.G.L. c 63, s 31A(e) if an asset for which the credit was taken is disposed of before the end of its useful life). Recapture may also be triggered if the corporation no longer qualifies for the credit (as when a manufacturing corporation ceases to qualify as such or a corporation's status as a Life Sciences Company is terminated as discussed in TIR 13-6.)

If a recapture calculation is required, the amount of the credit allowed is redetermined and the reduction in the amount of credit allowable is recaptured to the extent the credit was taken or used in a prior year. See DOR Directive 89-7. Taxpayers who have a recapture calculation must complete this schedule whether or not a recapture tax is determined to be due.

The Credit Recapture Schedule (CRS), which eliminates Schedule RF, lists each credit for which a recapture calculation must be made. For credits tracked by certificate numbers, enter each certificate number and the associated credits separately. For credits not tracked by certificate number, enter credits separately by type and the year to which they relate. List only those credits and certificate numbers or tax years for which a reduction in the credit is being calculated.

For more information and examples, see the Credit Recapture Schedule instructions.

Investment Tax Credit

Manufacturing corporations and corporations engaged primarily in research and development, agriculture or commercial fishing are allowed a credit of 3% of the cost of depreciable real and tangible property. Such property must have a useful life of four years or more. The property must be used and located in Massachusetts on the last day of the taxable year. A corporation cannot take the credit on property which it leases to another. A corporation can take the credit on property which it leases from another (for property leased and placed in service on or after July 1, 1994). Generally, eligible corporate lessees making qualifying leasehold improvements may claim the credit.

Note: Motor vehicles and trailers acquired on or after January 1, 1988 and subject to the motor vehicle excise do not qualify for the Investment Tax Credit.

A corporation may carry over to the next succeeding three years any unused portion of its Investment Tax Credit (ITC). To claim the ITC, Schedule H must be completed where the credit is calculated. The amount of the credit is then entered on the Credit Manager Schedule.

Vanpool Credit

Business corporations are allowed a credit of 30% of the cost incurred during the taxable year for the purchase or lease of company shuttle vans used in the Commonwealth as part of an employer-sponsored ridesharing program. The shuttle vans must be used for transporting employees and students from their homes, or public transportation facilities, to their places of employment or study.

To claim the Vanpool Credit, Schedule VP must be completed. The amount of the credit is then entered on the Credit Manager Schedule.

Research Credit

A credit is allowed for corporations which made basic research payments and/or incurred qualified research expenses conducted in Massachusetts during the taxable year. A corporation taking the research credit is limited in the amount that can be taken against the excise in any year. The credit cannot reduce the tax to less than \$456.

The amount of credit is equal to:

- 100% of the first \$25,000 of excise; and
- 75% of any amount of excise remaining after the first \$25,000.

The deduction allowed to a corporation for any research expenses generating a Massachusetts Research Credit must be reduced by the amount of the credit generated. This amount is added back to income on Schedule E, line 13.

Any corporation which is a member of a combined group may share excess research credits with other members of the combined group. Corporations which are members of a controlled group or which are under common control with any trade or business (whether or not incorporated) are treated as a single taxpayer for purposes of determining the allowable Research Credit.

See Schedule RC instructions for further information. To claim the Research Credit, Schedule RC must be completed and the amount of the credit entered on the Credit Manager Schedule.

Harbor Maintenance Tax Credit

Corporations are allowed a credit against the corporate excise for certain harbor maintenance taxes paid to the U.S. Customs Service pursuant to IRC § 4461. A corporation is eligible for the credit if the tax paid is attributable to the shipment of break-bulk or containerized cargo by sea- and ocean-going vessels through a Massachusetts harbor facility.

The credit is not subject to the 50% limitation; however, it may not reduce the tax to less than the minimum excise of \$456. A taxpayer may carryover any excess credit to any of the next succeeding five taxable years.

See Schedule HM instructions for further information. To claim the Harbor Maintenance Tax Credit, Schedule HM must be completed and the amount of the credit entered on the Credit Manager Schedule.

Brownfields Tax 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 2006 legislation extended the Brownfields credit to nonprofit organizations, extended the time frame for eligibility for the credit, and permitted the credit to be transferred, sold, or assigned. In 2013, legislation extended the time for eligibility for the Brownfields credit. As a result of the recent legislation, the environmental response action commencement cut-off date is changed from August 5, 2013 to August 5, 2018, and the time for incurring eligible costs that qualify for the credit is extended to January 1, 2019. See TIR 13-15 for more information.

The Brownfields Credit may be transferred, sold or assigned to another taxpayer with a liability under chapter 62 or chapter 63, or to a nonprofit organization.

DOR will issue a certificate to the party receiving the Brownfields Credit reflecting the amount of the Brownfields Credit received. The party receiving the Brownfields Credit must enclose the certificate with each tax return in which the credits are being applied. Certificate application forms and additional information are available at mass.gov/dor.

The Brownfields Credit cannot offset more than 50% of the excise due nor reduce the excise below the minimum tax. Any unused credit may be carried forward for five years.

If you qualify for this credit, you must have completed Schedule BCA, Brownfields Credit Application, and received certificate number from provided on the Credit Manager Schedule.

Economic Opportunity Area/Economic Development Incentive Program

For projects certified by the EACC before January 1, 2010, the Economic Opportunity Area credit is a tax credit under G.L. c. 62, § 6(g) and G.L. c. 63, § 38N equal to 5% of the cost of qualifying property purchased for business use within a certified project within an Economic Opportunity Area (EOA). To qualify for the EOA credit, the property must be used by the certified project exclusively in an EOA and must meet the same tests imposed for the 3% ITC. A certified project is a project approved by the Economic Assistance Coordinating Council (EACC). If a corporation participates in a certified project and is also eligible for the 3% ITC (see above), the corporation may claim either the ITC or the EOA credit, but not both with respect to each item of qualifying property.

The 5% EOA credit cannot offset more than 50% of the excise due nor reduce the excise below the minimum tax. Any unused credit may be carried forward for 10 years.

To claim the credit, Schedule EOAC must be completed and the amount of the credit entered on the Credit Manager Schedule.

Note: The EOA credit is not available to projects that were certified by the EACC on or after January 1, 2010 by the EACC. See TIRs 10-1 and 16-15 for further information.

For projects certified by the EACC on or after January 1, 2010, the Economic Development Incentive Program (EDIP) credit is available to certified projects as defined under G.L. c. 23A. The credit is authorized under G.L. c. 62, § 6(g) and G.L. c. 63, § 38N and is equal to a percentage of the cost of qualifying property purchased by a certified project for business use within Massachusetts.

To be eligible for the EDIP credit, the project must have been certified by the EACC on or after January 1, 2010. As part of the project certification, the EACC may (but is not required to) award a credit under the program and, when the EACC awards the credit, the EACC will determine the percentage of the cost of the property to be used to determine the credit. In addition the EACC may award an EDIP credit that is refundable. To qualify for the EDIP credit, the qualifying property must be used exclusively in the certified project in Massachusetts and must meet the same tests imposed for the 3% ITC. If a corporation participates in a certified project and is also eligible for the 3% ITC or the EDIP credit, but not both with respect to each item of qualifying property.

Unless the EDIP credit awarded is refundable, the credit may not offset more than 50% of the excise due nor reduce the excise below the minimum tax. Carryover of unused credit is available only to the extent authorized by the EACC.

The EACC may also in consultation with the DOR limit (but not expand) the credit to a specific dollar amount or time duration or in any other manner deemed appropriate by the EACC. St. 2009, c.b166, § 18. For example, the EACC may limit the credit available with respect to a particular project to a specific dollar maximum, even if the actual dollar amount of the qualifying purchases would otherwise generate a higher credit amount. Similarly, the EACC may limit the otherwise applicable credit carry forward period provided by G.L. c. 62, § 6(g) and G.L. c. 63, § 38N(d). See TIRs 10-15, 10-1 and 14-3 for more information.

Taxpayers authorized by the EACC to claim the EDIP credit for projects certified on or after January 1, 2010 must complete Schedule EDIP and enter the amount of the credit on the Credit Manager Schedule. See TIRs 10-01 and 16-15 for further information.

The EDIP credit provisions were significantly changed for projects certified on or after January 1, 2017. For Projects certified by the EACC

on or after January 1, 2017, the EDIP credit allow to a taxpayer is determined by the EACC based on numerous factors set for the in G.L. c. 23A, § 3D. The EACC may award a refundable EDIP credit.

Unless the EDIP credit awarded is refundable, the credit may not offset more than 50% of the excise due nor reduce the excise below the minimum tax. Carryover of unused credit is available only to the extent authorized by the EACC.

Taxpayers authorized by the EACC to claim the EDIP credit for projects certified on or after January 1, 2017 must complete Schedule EDIP and enter the amount of the credit on the Credit Manager Schedule. See TIRs 10-01 and 16-15 for further information.

Refundable Economic Development Incentive Program Credit

For projects certified after January 1, 2010, M.G.L. Ch. 62 § 6(g) and M.G.L. Ch. 63 § 38N authorize the EACC to award refundable EDIP credits. Taxpayers authorized by the EACC to claim a refundable EDIP credit for projects certified on or after January 1, 2010 must complete Form EDIP, Refundable Economic Development Incentive Program Schedule and enter the amount of the credit on the Credit Manager Schedule. See TIRs 10-01 and 16-15 for further information.

Low-Income Housing Credit

This credit is administered through the Massachusetts Department of Housing and Community Development (DHCD). The Low-Income Housing Credit is available to taxpayers that claim a U.S. credit for the construction or development of low-income housing. The state credit is taken over five years. The amount of credit a taxpayer may claim for a qualified Massachusetts project is allocated by the DHCD and is based on a total pool of money awarded to the Commonwealth. In order to claim the credit, a copy of the eligibility statement issued by DHCD must be available upon request.

The LIHC is not subject to the 50% limitation rule for corporate taxpayers. If the taxpayer disposes of the property generating the LIHC, a portion of the credit may be subject to recapture.

For further information regarding this credit, contact the Department of Housing and Community Development, Division of Private Housing, at (617) 727-7824.

To claim the Low-Income Housing Credit, supporting documentation must be enclosed with the return and the amount of the credit entered on the Credit Manager Schedule.

Historic Rehabilitation Credit

Effective for years beginning on or after January 1, 2005 and ending on or before December 31, 2022, taxpayers may be eligible for the Historic Rehabilitation Credit (HRC). To claim this credit, a historic rehabilitation project must be complete and have been certified by the Massachusetts Historical Commission. Unused portions of the credit may be carried forward for a maximum of five years. This credit may be transferred or sold to another taxpayer.

The HRC is not subject to the 50% limitation rule for corporate taxpayers. If the taxpayer disposes of the property generating the HRC, a portion of the credit may be subject to recapture.

For further information, see Regulation 830 CMR 63.38R.1, Massachusetts Historic Rehabilitation Tax Credit and TIRs 10-11 and 16-15.

To claim the Historic Rehabilitation Credit, supporting documentation must be enclosed with the return and the amount of the credit entered on the Credit Manager Schedule.

Film Incentive Credit

For taxable years beginning on or after January 1, 2006 and before January 1, 2023, Massachusetts allows two credits for motion picture production companies who meet certain qualification requirements. Production companies who incur at least \$50,000 of production costs in Massachusetts are eligible for income and corporate excise tax credits equal to 25% of the total Massachusetts payroll for the production, excluding salaries of \$1 million and higher. In addition, production companies whose Massachusetts production expenses exceed 50% of the total production cost receive an income and corporate excise tax credit of 25% of the total Massachusetts production expense. Supporting documentation must be available to DOR upon request.

For further information on the Film Incentive Credit, see TIR 07-15. To claim the Film Incentive Credit, enter the Certificate Number issued by DOR and the amount of the credit on the Credit Manager Schedule. Certificate application forms and additional information are available at mass.gov/dor.

Medical Device Credit

The Medical Device Credit is equal to 100% of the user fees actually paid to the United States Food and Drug Administration (USFDA) by a medical device company during the taxable year for which the tax is due for pre-market submissions (e.g., applications, supplements, or 510(k) submissions) to market new technologies or upgrades, changes, or enhancements to existing technologies, developed or manufactured in Massachusetts.

For further information on the Medical Device Credit, see TIR 06-22. To claim the Medical Device Credit, enter the Certificate Number issued by DOR and the amount of the credit on the Credit Manager Schedule. Certificate application forms and additional information are available at mass.gov/dor.

Life Science Company Investment Tax Credit

For taxable years beginning on or after January 1, 2009, a new Investment Tax Credit (ITC) may be available to corporate excise taxpayers.

This credit, which is available to certified life sciences companies only to the extent authorized pursuant to the Life Sciences Tax Incentive Program, is equal to 10% of the cost of qualifying property acquired, constructed or erected during the taxable year and used exclusively in the Commonwealth.

The refundable ITC can apply to purchases made on or after January 1, 2009 even if a construction project started before that date. The scope of qualifying property for purposes of the new credit is the same as that provided by the existing ITC under M.G.L. Ch. 63, § 31A.

Life sciences companies or persons also qualifying for the Economic Opportunity Area Credit (EOAC) for the same property may only take such EOAC to the extent of an additional 2% of the cost of the qualifying property. Corporations taking these credits are not allowed to take the ITC under M.G.L. Ch. 63, § 31A or the Low-Income Housing Credit under M.G.L. Ch. 63, § 31H for the same qualifying property.

If a life sciences ITC exceeds the tax otherwise due under the corporate excise, as applicable, 90% of the balance of such credit may, at the option of the taxpayer and to the extent authorized pursuant to the Life Sciences Tax Incentive Program, be refundable to the taxpayer for the tax year in which the qualified property giving rise to such credit is placed in service. If such refund is elected by the taxpayer, then the carryover provisions for this credit that would otherwise apply shall not be available.

For further information, see TIR 08-23. The amount of this credit must be entered on the Credit Manager Schedule.

Life Science Company FDA User Fees Credit

For taxable years beginning on or after January 1, 2009, a new credit may be available to corporate excise tax payers for user fees paid on or after June 16, 2008 to the U. S. Food and Drug Administration (USFDA) upon submission of an application to manufacture a human drug in the Commonwealth.

This credit, which is available to certified life sciences companies only to the extent authorized pursuant to the Life Sciences Tax Incentive Program, is equal to 100% of the user fees actually paid by the taxpayer, as specified in the certification, and may be claimed in the taxable year in which the application for licensure of an establishment to manufacture the drug is approved by the USFDA. To be eligible for the credit, more than 50% of the research and development costs for the drug must have been incurred in Massachusetts.

Taxpayers may use the FDA user fees credit to reduce their tax to 0. To the extent authorized pursuant to the Life Sciences Tax Incentive Program, 90% of the balance of credit remaining is refundable. The deduction otherwise allowable for user fees qualifying for the credit is disallowed.

For further information, see TIR 08-23. The amount of this credit must be entered on the Credit Manager Schedule.

Life Sciences Company Research Credit

For taxable years beginning on or after January 1, 2009, a new credit may be available for certified life sciences companies pursuant to the Life Sciences Tax Incentive Program, to provide qualifying companies with a means to obtain a research credit for certain expenditures not qualifying for the existing research credit under c. 63, § 38M. St. 2008, c. 130, §§ 30 and 53, codified at G.L. c. 63, § 38W. Under this new provision, the credit is generally calculated in the same manner as the research credit under § 38M. However, the qualified research expenditures which form the basis for the calculation in new § 38W differ from those of § 38M in that they can qualify when the activities are performed both inside and outside of the Commonwealth, to the extent they relate to legally mandated clinical trial activities.

The credit can reduce the corporate excise to the minimum excise of \$456 and may be carried forward for 15 years. Unlike the regular research credit, as amended by the new subsection (j) of § 38M, described above, the new life sciences research credit under M.G.L. Ch. 63, § 38W is not refundable.

For further information, see TIR 08-23. The amount of this credit must be entered on the Credit Manager Schedule.

Refundable Film Credit

Schedule RFC, Refundable Film Credit, is used by motion picture production companies to elect to claim a refundable film credit if they have not transferred or carried forward a portion of the film credit for the production. Transferees of the film credit do not qualify for the refundable film credit.

If an election to refund the film credit for a production is made, the entire film credit remaining after reducing the current year tax liability will be refunded at 90%. The production company is not allowed to partially refund and partially transfer or carryover over any portion of the credit to the next tax year.

The amount of refundable credit must be entered on the Credit Manager Schedule.

Refundable Dairy Credit

A taxpayer who holds a certificate of registration as a dairy farmer pursuant to M.G.L. Ch. 94, § 16A is allowed a refundable tax credit

based on the amount of milk produced and sold. The dairy farmer tax credit as originally enacted was 90% refundable. Under recent legislation, the dairy farmer tax credit is now 100% refundable.

The amount of refundable credit must be entered on the Credit Manager Schedule.

Refundable Life Science Credit

There are different credits which the Massachusetts Life Sciences Center, with the approval of the Secretary of Administration and Finance, may authorize a taxpayer to have refunded in lieu of carrying forward such credit to a future year.

A taxpayer may apply for a refund of 90% of the unused Investment Tax Credit granted under M.G.L. Ch. 63, § 38U or the additional credit on the same property that may be granted under M.G.L. Ch. 63, § 38N if property for which the 38U credit is granted is used in a certified project.

A taxpayer may apply for a refund of 90% of the unused FDA User Fee Credit granted under M.G.L. Ch. 63, § 38M, including credits carried over from prior years. Schedule RLC, Refundable Life Science Credit, is used by taxpayers to claim the refund.

The amount of refundable credit must be entered on the Credit Manager Schedule.

Refundable Life Science Jobs Credit

Effective for tax years beginning on or after January 1, 2011, a new tax incentive has been added to the Life Sciences Tax Incentive Program in the form of a refundable jobs credit. A taxpayer, to the extent authorized by the Life Sciences Tax Incentive Program, may be allowed a refundable jobs credit against the tax liability imposed under G.L. c. 62, the personal income tax, or G.L. c. 63, the corporate excise. A taxpayer claiming a life sciences refundable jobs credit must commit to the creation of a minimum of 50 net new permanent full-time positions in Massachusetts.

The amount of life sciences jobs credit allowed to a taxpayer will be determined by the Massachusetts Life Sciences Center in consultation with DOR.

If a life sciences jobs credit claimed by a taxpayer exceeds the tax otherwise due under the personal income tax or the corporate excise, as applicable, 90% of the balance of such credit may, to the extent authorized by the life sciences tax incentive program, be refundable to the taxpayer. Excess credit amounts shall not be carried forward to subsequent taxable years.

The refundable jobs credit is subject to all the requirements of G.L. c. 23I, including the requirements set out in TIR 08-23. The total dollar amount of the various life sciences tax incentives, including the refundable jobs credits, for qualifying life sciences companies is subject to an annual cap of \$25 million.

The amount of refundable credit must be entered on the Credit Manager Schedule.

Conservation Land Tax Credit

Effective for tax years beginning on or after January 1, 2011, a credit is allowed for qualified donations of certified land to a public or private conservation agency. The credit is equal to 50% of the fair market value of the qualified donation. The amount of the credit that may be claimed by a taxpayer for each qualified donation cannot exceed \$75,000. The credit is refundable but not transferable. The certification process is conducted by the Executive Office of Energy and Environmental Affairs (EEA). EEA has promulgated a regulation, 301 CMR 14.00, entitled Conservation Land Tax Credit, which sets forth criteria

for authorizing and certifying the credit. See also, 830 CMR 62.6.4, entitled Conservation Land Tax Credit, promulgated by DOR to explain the calculation of the allowable credit.

The amount of this credit must be entered on the Credit Manager Schedule.

Employer Wellness Program Tax Credit

Effective for tax years beginning on or after January 1, 2013, a Massachusetts business that employs 200 or fewer workers may qualify for a tax credit for up to 25% of the cost of implementing a "certified wellness program" for its employees. A taxpayer seeking to claim the credit must apply to the Department of Public Health (DPH) for certification of its wellness program. DPH will approve a dollar amount of credit for a qualifying taxpayer and issue a certificate number to be provided in connection with filing a tax return in order to claim the credit. The amount of the credit that may be claimed by a taxpayer cannot exceed \$10,000 in any tax year. DPH has promulgated a regulation, 105 CMR 216.000, entitled Massachusetts Wellness Tax Credit Incentive, which sets forth criteria for authorizing and certifying the credit. The credit is set to expire on December 31, 2017.

Note: You must enter the certificate number on the Credit Manager Schedule. Failure to do so will result in this credit being disallowed on your tax return and an adjustment on your reported tax. Enter the number from left to right.

The amount of this credit must be entered on the Credit Manager Schedule.

Community Investment Tax Credit

Effective for tax years beginning on or after January 1, 2014, a credit is allowed for qualified investments (certain cash contributions made to a community development corporation, community support organization, or a community partnership fund) made on or after January 1, 2014. The credit is equal to 50% of the total qualified investment made by the taxpayer for the taxable year. No credit is allowed to a taxpayer that makes a qualified investment of less than \$1,000. In any one taxable year, the total amount of the credit that may be claimed by a taxpayer that makes qualified investments cannot exceed \$1,000,000. The credit is refundable, or, alternatively, may be carried forward five years. The credit is set to expire December 31, 2019. For further guidance see DOR's regulation 830 CMR 62.6M.1, Community Investment Tax Credit and the regulation issued by the Department of Housing and Community Development, 760 CMR 68.00, Community Investment Grant and Tax Credit Program and TIR 16-15.

The amount of this credit must be entered on the Credit Manager Schedule.

Certified Housing Development Credit

Taxpayers may receive a tax credit of up to 25% of the costs of qualified substantial rehabilitation expenditures, as defined in G.L. c. 40V § 1, of the market rate units within certified housing development projects. The credit is administered by the Massachusetts Department of Housing and Community Development. See TIRs 10-14 and 16-15 for further information.

The amount of this credit must be entered on the Credit Manager Schedule.

Low-Income Housing Donation Tax Credit

A new credit is available to individuals and businesses if they donate real or personal property to certain non-profit entities for use in purchasing, constructing or rehabilitating a Qualified Massachusetts Project. The credit is generally limited to 50% of the amount of the

donation, but it may be increased to 65% by the Department of Housing and Community Development. The credit is a one-year credit that must be claimed in the year that the donation is made and is not refundable. The credit is not subject to the 50% limitation rule for corporate taxpayers. However, it may not reduce the tax to less than the minimum excise of \$456. Any credit amounts that exceed the tax due may be carried forward for five years. See TIR 16-15. If you qualify for the credit, enter the amount on Schedule CMS.

Note: You must enter the certificate identification number on Schedule CMS. Failure to do so will result in this credit being disallowed on your tax return and an adjustment of your reported tax. Enter the number from left to right.

Veteran's Hire Tax Credit

A new credit is available to businesses that hire veterans who live and work in Massachusetts. The credit is equal to \$2,000 for each qualified veteran hired. The business must employ fewer than 100 employees; be certified by the Commissioner of Veteran's Services; and qualify for and claim the federal Work Opportunity Credit allowed under I.R.C. § 51. A business may be eligible for a second credit for the next taxable year if the veteran continues to work for the business. The credit cannot be transferred or refunded. The credit is not subject to the 50% limitation but may not reduce the tax to less than the minimum excise of \$456. Any amount of credit that exceeds the tax due in the current taxable year may be carried forward to any of the three subsequent taxable years. The credit is available for qualified veterans hired after July 1, 2017. See TIR 17-10. If you qualify for the credit, enter the amount on Schedule CMS. Note: You must enter the certification number from certificate issued by Commission of Veteran's Services. Failure to do so will result in this credit being disallowed on your tax return and an adjustment of your reported tax. Enter the number from left to right.

Line Instructions

Should the Whole Dollar Method be Used?

Yes. All amounts entered on Form 63-20P must be rounded off to the nearest dollar.

Line 1

Enter the amount of premiums subject to tax in Massachusetts (from Part 1, Domestic Life Premium Excise Calculation, line 10). If amount is negative, enter "0."

Line 4

Enter the amount of accident and health premiums subject to tax in Massachusetts from Part 1, Domestic Life Premium Excise Calculation, line 11.

Lines 5 and 13. Credit Recapture

If the corporation is required to recapture any amount of previously claimed Economic Opportunity Area Credit, Low-Income Housing Credit, Life Science Credit and Historic Rehabilitation Credit, complete the Credit Recapture Schedule and enter the result in line 5 or 13 of the return. Current year credits can then be used to offset the total excise due which will include the recapture amount.

Line 7

Enter the amount of life premiums subject to tax in Massachusetts from Part 2, Foreign Premium Excise Calculation, line 7. If amount is negative, enter "0."

Lines 8 and 11

Use Part 3 of Form 63-20P to calculate your excise using the same method and rate used by the state in which you are incorporated and

would be imposed on a like Massachusetts insurance company, or its agents, if doing business to the same extent. If the computation in the state of your incorporation is in every respect the same as your Massachusetts computation, a statement to that effect should be made. Retaliatory tax provisions are provided under M.G.L. Chapter 63, § 24A.

Line 10

Enter the amount of total net direct accident and health premiums subject to tax in Massachusetts from Part 2, Foreign Premium Excise Calculation, line 12. If the amount is negative, enter "0."

Line 15. Initiative Credit

A company shall be allowed a credit against the premium tax equal to 11.2% (.015) of such company's total capital contribution in excess of their full proportionate share which shall mean an investment in the Massachusetts Life Insurance Company Community Investment Initiative.

This credit is effective for tax years in which the aggregate cumulative investment in the Massachusetts Life Insurance Company Community Investment Initiative reaches 100 million or the tax year 2005, whichever is later.

Line 16

Enter 11.2% (.015) of the company's proportionate share of the cost of certain investments in the Massachusetts Capital Resource Company.

Line 17. Credits for Class B Assessments Paid to Massachusetts Life and Health Insurance Guaranty Association

The taxpayer may take 10% of any class B assessments paid to the Massachusetts Life and Health Insurance Guaranty in the prior five calendar years. For this 2017 return, the taxpayer may take 10% of class B assessments paid in 2012 through 2016.

Line 18

Enter the total amount of other credits claimed from the Credit Manager Schedule.

Line 30. Voluntary contribution to the Nongame Wildlife Fund

Any corporation that wishes to contribute any amount to the Natural Heritage and Endangered Species Fund may do so on this form. This amount is added to the excise due. It increases the amount of the corporation's payment or reduces the amount of its refund.

The Natural Heritage and Endangered Species Fund is administered by the Department of Fisheries, Wildlife and Environmental Law Enforcement to provide for conservation programs for rare, endangered and nongame wildlife and plants in the Commonwealth.

Line 35. Pass-through Entity Withholding

Enter the amount of any withholding tax from pass-through entities. Be sure to include the taxpayer identification number of the person or entity submitting the withholding payment on behalf of the taxpayer.

Lines 43 through 45. Overpayments and Refunds

If line 42 is larger than line 31, enter the amount overpaid in line 43.

The overpayment may be applied in part or in full to 2018 estimated taxes by entering in line 44 the amount to be credited to 2018 estimated tax payments. Enter in line 45 the amount to be refunded.

An overpayment of tax cannot be applied as a credit to the tax of another account of this company or to the tax of another company.

Line 46. Balance Due

If line 42 is larger than line 31, enter the balance due in line 46. Payment in full is due on or before April 15, 2018.

Lines 47a and 47b. Penalties and interest

Any company that has an underpayment of estimated tax will incur a penalty on the underpayment for the period of the underpayment. Enclose a copy of Form M-2220. For more information, refer to the section "When Are Estimated Tax Payments Required?"

Any company that fails to file a timely return will be subject to a late filing penalty of 1% per month (or fraction thereof), and a late payment penalty of 1% per month (or fraction thereof), on the amount required to be shown as the tax due on the return. For more information, refer to the section "What Are the Penalties for Late Returns?"

Any company which fails to pay its tax when due will be subject to interest on the unpaid balance.

Line 49. Payment Due

Enter the total payment due. Checks for this amount should be made payable to the **Commonwealth of Massachusetts**. Checks should have the company's Federal Identification number written in the lower left corner.

Signature

When the form is complete, it must be signed by the treasurer or assistant treasurer. If you are signing as an authorized delegate of the appropriate corporate officer, check the box in the signature section and attach a Massachusetts Form M-2848, Power of Attorney. Mail forms to **Massachusetts Department of Revenue, PO Box 7052, Boston, MA 02204**.