1996

Massachusetts Resident Income Tax Form 1

Full Year Residents Only

All Schedules and Instructions

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REVENUE

Commonwealth of Massachusetts **Department of Revenue**

PC Filing Now Available!
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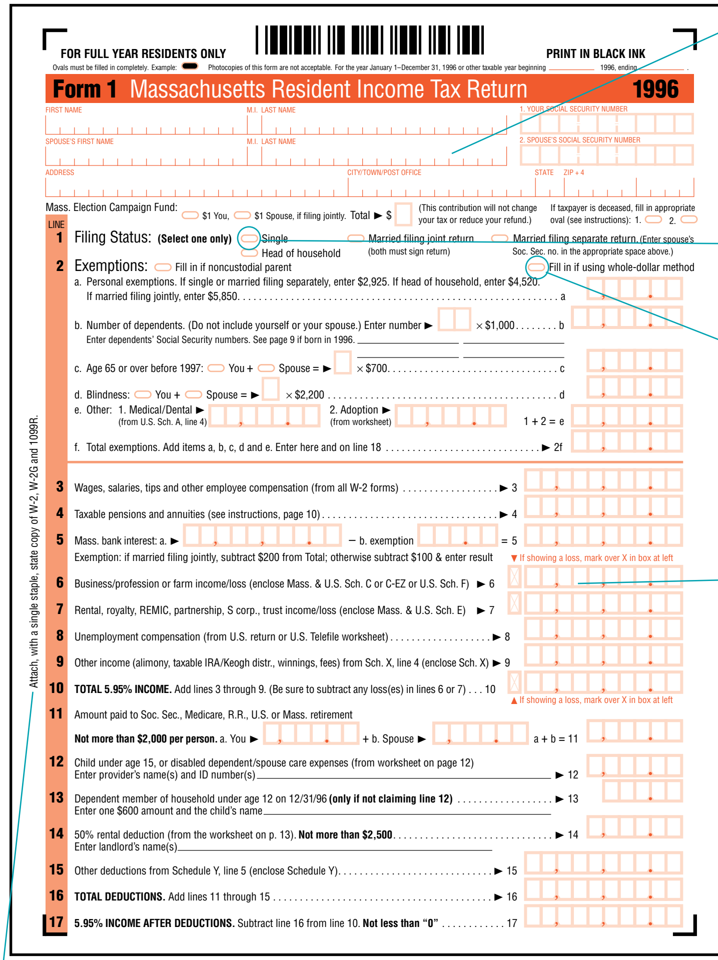
in 4 Days

Using Your Form 1

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


FOR FULL YEAR RESIDENTS ONLY — PRINT IN BLACK INK

Ovals must be filled in completely. Example: — Photocopies of this form are not acceptable. For the year January 1–December 31, 1996 or other taxable year beginning ____ 1996, ending ____

Form 1 Massachusetts Resident Income Tax Return **1996**

FIRST NAME — M.I. LAST NAME — 1. YOUR SOCIAL SECURITY NUMBER

SPOUSE'S FIRST NAME — M.I. LAST NAME — 2. SPOUSE'S SOCIAL SECURITY NUMBER

ADDRESS — CITY/TOWN/POST OFFICE — STATE — ZIP + 4

Mass. Election Campaign Fund: $1 You, $1 Spouse, if filing jointly. Total ► $ (This contribution will not change your tax or reduce your refund.) If taxpayer is deceased, fill in appropriate oval (see instructions): 1. 2.

LINE

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

2 Exemptions: Fill in if noncustodial parent — Fill in if using whole-dollar method

a. Personal exemptions. If single or married filing separately, enter $2,925. If head of household, enter $4,520. If married filing jointly, enter $5,850. . . . a

b. Number of dependents. (Do not include yourself or your spouse.) Enter number ► × $1,000 . . . b. Enter dependents' Social Security numbers. See page 9 if born in 1996.

c. Age 65 or over before 1997: 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 18 . . . ► 2f

3 Wages, salaries, tips and other employee compensation (from all W-2 forms) . . . ► 3

4 Taxable pensions and annuities (see instructions, page 10) . . . ► 4

5 Mass. bank interest: a. ► − b. exemption = 5. Exemption: if married filing jointly, subtract $200 from Total; otherwise subtract $100 & enter result

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

6 Business/profession or farm income/loss (enclose Mass. & U.S. Sch. C or C-EZ or U.S. Sch. F) ► 6

7 Rental, royalty, REMIC, partnership, S corp., trust income/loss (enclose Mass. & U.S. Sch. E) ► 7

8 Unemployment compensation (from U.S. return or U.S. Telefile worksheet) . . . ► 8

9 Other income (alimony, taxable IRA/Keogh distr., winnings, fees) from Sch. X, line 4 (enclose Sch. X) ► 9

10 TOTAL 5.95% INCOME. Add lines 3 through 9. (Be sure to subtract any loss(es) in lines 6 or 7) . . . 10

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

11 Amount paid to Soc. Sec., Medicare, R.R., U.S. or Mass. retirement. Not more than $2,000 per person. a. You ► + b. Spouse ► a + b = 11

12 Child under age 15, or disabled dependent/spouse care expenses (from worksheet on page 12). Enter provider's name(s) and ID number(s) ► 12

13 Dependent member of household under age 12 on 12/31/96 (only if not claiming line 12) . . . ► 13. Enter one $600 amount and the child's name

14 50% rental deduction (from the worksheet on p. 13). Not more than $2,500 . . . ► 14. Enter landlord's name(s)

15 Other deductions from Schedule Y, line 5 (enclose Schedule Y) . . . ► 15

16 TOTAL DEDUCTIONS. Add lines 11 through 15 . . . ► 16

17 5.95% INCOME AFTER DEDUCTIONS. Subtract line 16 from line 10. Not less than "0" . . . 17

Attach, with a single staple, state copy of W-2, W-2G and 1099R.

Name and Address

Use the preaddressed return in the back of booklet we sent you. If any information is incorrect, make corrections on the additional return included in this booklet. 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 as shown below. Be sure there is only one number per box. Numbers must be written completely within the boxes. Numbers 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

If a line does not apply to you, leave it blank or enter a "0" in the dollar box. **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, with a single staple only, your W-2 or 1099 withholding documents. If you are making a payment, complete and remove Form PV, Massachusetts Income Tax Payment Voucher, found below. 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 as this will delay the processing of your return.

Form PV Massachusetts Income Tax Payment Voucher 1996

Name of taxpayer(s)	Amount enclosed $
Street address	Your Social Security number
City/Town State Zip	Spouse's Social Security number

Staple check here

Mail to: Massachusetts Department of Revenue, P.O. Box 7003, Boston MA 02204

Make check payable to: Commonwealth of Massachusetts. Write your Social Security number on your check or money order.

Be sure to staple check to the front of Form PV and enclose Form PV with your return.

Form 1 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?
- ☑ 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?
- ☑ Have you attached with a single staple your 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?
- ☑ 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 1996 Tax Changes

One-Time Increase to Personal Exemptions

Recent legislation provides for a $150 million tax reduction to be implemented by a temporary increase in the personal exemption amounts which each taxpayer is entitled to claim. The exemption amount is determined by the taxpayer’s filing status. The following increases in the personal exemptions are applicable **only** for the 1996 tax year: joint filers increased to $5,850 from $4,400; heads of household increased to $4,520 from $3,400; and single or married filing separately increased to $2,925 from $2,200.

No Tax Status/Limited Income Credit Thresholds

Because the income level 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 temporarily increased to reflect increases 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 $13,450 plus $1,000 per dependent. Joint filers are eligible for the Limited Income Credit if Mass. AGI does not exceed $23,538 plus $1,750 per dependent.

Heads of Household No tax is imposed if Mass. AGI does not exceed $12,120 plus $1,000 per dependent. Heads of household are eligible for the Limited Income Credit if Mass. AGI does not exceed $21,210 plus $1,750 per dependent.

Single Filers No Tax Status for single filers and married individuals filing separately is unaffected by the temporary increase in the personal exemption amount. For single filers, no tax is imposed if the taxpayer’s Mass. AGI does not exceed $8,000. Single filers are eligible for the Limited Income Credit if Mass. AGI does not exceed $14,000.

Tax Lowered on Capital Gains/Change in Tax Rates

Legislation passed in 1994 reduces the tax on gain from the sale of capital assets held for more than one year. For purposes of the new 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 the next six years as holding periods increase from the deemed commencement date. The new law expands the definition of a capital asset and allocates capital gains and losses into either 12% income or 5% income based on the capital asset’s character and holding period. There are special rules for collectibles which are capital assets such as antiques, gems, and works of art. A new credit, which may be applied against 5% income and portions of 12% income, is generated from certain long-term capital losses.

The new 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, (2) property held in a trade or business within the meaning of IRC section 1231(b) without regard to the holding period set out in said section 1231(b) or (3) property that is subject to compulsory or involuntary conversions within the meaning of IRC section 1231(a) without regard to the federal holding periods prescribed in those sections.

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. Since holding periods will be deemed not to have begun prior to January 1, 1995, for tax year 1996 the longest possible holding period is 2 years and the applicable tax rate is 5% if the capital asset was held for more than one year. 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 6 years will not be subject to tax.

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 are taxed as 5% income in tax year 1996. The new law sets forth a calculation to generate a credit when long-term losses are in excess of long-term gains. This credit may be applied against short-term capital gains in the current year and carried forward to be applied against long- and short-term capital gains in subsequent years.
- 12% income continues to include short-term capital gains, dividends, and non-Mass. bank interest, as well as short- and long-term capital gains arising from the sale of collectibles. Allowable deductions from 12% income include allowable deductions from your trade or business, losses on the sale of capital assets held for one year or less, a 50% deduction for gains on the sale of collectibles held for more than one year and, excess exemptions.
- 5.95% income will continue to consist of all income that is not 5% income or 12% income, including such items as wages, pensions, rents, and Massachusetts bank interest.

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

Voluntary Contributions to the Massachusetts United States Olympic Fund

Legislation passed in 1995 enables taxpayers to make voluntary contributions on their income tax returns to the newly established 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.

Federal Tax Law Changes That Massachusetts Does Not Adopt

Massachusetts personal income tax law references the Internal Revenue Code (IRC) as of January 1, 1988. Massachusetts does not adopt federal tax law changes enacted after that date. Some of these changes include: increased Section 179 expensing allowance; new rules for amortization of goodwill and other intangibles; liquidation payments to partners; increased recovery period for depreciation of nonresidential real property; reduced business meals and entertainment deduction; elimination of the business deductions for club dues and spousal travel expenses; new rules for passive activity losses; exclusion of discharge of indebtedness; inclusion as income of certain employer-provided parking; exclusion from income of qualified moving expense reimbursements and exclusion from income of certain employer-provided educational assistance. For further information on any of these topics, refer to the *Guide to Filing Your 1996 Massachusetts Income Taxes*. This publication is available by calling (617) 887-MDOR.

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 Forms W-2 (Wages), W-2G (Winnings), and any 1099 forms. Use this information to complete your U.S. Form 1040, 1040A, 1040EZ or U.S. Telefile worksheet first. The information on your U.S. return will help you complete your Mass. return.

If you file a Form 1, Massachusetts Resident Income Tax Return, and you have access to the World Wide Web, you may be able to file using our new PC File Form 1 option. This is a faster, more accurate method of filing your income tax return and, you will receive your refund in four days. See page 33 for more information.

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 this information is incorrect, do not use the preprinted return. Instead, print the correct name and/or address information in the spaces provided on the additional return found in this booklet. 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. If a line does not apply to you, leave it blank or enter "0." 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. Form 1 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 include Form PV with your return.

Common Form 1 Mistakes

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

NOTE: You should **not** staple any items, other than your Forms W-2 or 1099s, to Form 1. Any enclosures such as schedules, statements, Form PV, etc. should simply be placed in the envelope along with Form 1 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.** Make certain that you specify the number of exemptions you are claiming in line 2, items b, c and d. Enter the appropriate number in the small white box.

◗ **Missing Withholding Statement(s).** Make certain the state copy of all Forms W-2 (Wages), W-2G (Winnings) and 1099R that show Massachusetts income tax withheld are attached with a single staple. These forms are frequently missing and must be obtained later from the taxpayer in order to process the return.

◗ **Missing Supporting Schedules.** Make certain all required schedules are enclosed to support the information on your Form 1. These include Massachusetts schedules X, Y, B, B-1, C, C-2, D, E, EC, EOA, LP and all required U.S. schedules. Also remember to enclose copies of other states' returns when taking a credit for income tax paid to another state or jurisdiction. 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.

◗ **Misdirected Mailing.** Each year, many taxpayers send their Form 1 to the Internal Revenue Service instead of the Mass. Department of Revenue. Be sure to use the return envelope in this booklet or follow the mailing instructions on your return.

◗ **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.

Filing Your Mass. Return

If you were a legal resident of Massachusetts and your gross income was more than $8,000 — whether received from sources inside or outside of Massachusetts — you are required to file a Massachusetts income tax return. If your gross income was $8,000 or less, you do not need to file a return.

If you did not live in Massachusetts, but received Mass. source income in excess of your personal exemption amount multiplied by the ratio of your Massachusetts income to your total income, you must file as a nonresident on the Nonresident/Part-year Resident Income Tax Return, Form 1-NR/PY. Generally, this means you must file Form 1-NR/PY if you were a nonresident of Massachusetts and you received Massachusetts source income in excess of $2,925 if single, $4,520 if head of household or $5,850 if married filing jointly.

If, during the taxable year, you either moved to Massachusetts or terminated your status as a Massachusetts resident to establish residency outside the state and, your taxable income was more than $8,000, you must file as a part-year resident on the Nonresident/Part-year Resident Income Tax Return, Form 1-NR/PY.

If your Massachusetts Adjusted Gross Income (AGI) is $8,000 or less if single, $13,450 or less plus $1,000 for each dependent if married filing jointly, or $12,120 or less plus $1,000 for each dependent if filing as head of household, you may qualify for No Tax Status. See the instructions for Mass. AGI on page 14.

What Is Gross Income?

Massachusetts gross income **includes** the following:

◗ all wages, salaries, tips, bonuses, fees and other compensation;
◗ taxable pensions and annuities;
◗ pension income from another state or political subdivision before any deduction;
◗ taxable IRA/Keogh distributions;
◗ 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 U.S. income tax:

◗ interest from obligations of states and their political subdivisions, other than Massachusetts and its political subdivisions;
◗ income earned by a resident from foreign employment; and
◗ certain contributions for tax-deferred annuities.

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.

Am I a Resident, Nonresident, or Part-Year Resident?

There are three different types of resident status under Massachusetts tax law:

1. You are a **Full-year Resident** if your legal residence (domicile) is in Massachusetts or if you maintain a permanent place of abode in Massachusetts and spend 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 were not a resident of Massachusetts but earned Massachusetts income (e.g., from a job in Massachusetts). You must report such income by filing Form 1-NR/PY, Massachusetts Nonresident/Part-year Resident Income Tax Return.

3. You are a **Part-year Resident** if you were not considered a resident of Massachusetts for the full year. In this case, you must reduce certain income, deductions and exemptions based on the number of days you were a resident or on the amount of your income that is subject to Massachusetts tax. Part-year residents must file Form 1-NR/PY, Massachusetts Nonresident/Part-year Resident Income Tax Return.

A limited number of people may have to file as both a nonresident and a part-year resident. In these cases, you must file a Mass. Form 1 NR/PY and complete Schedule R/NR to calculate the portion of income earned while a part-year resident and the portion of income earned while a nonresident. If you are required to file as both a part-year resident and a nonresident, be sure to fill in the oval at the beginning of the return to indicate that you are completing Schedule R/NR and enclose Schedule R/NR to your return.

For additional information on how to file as a part-year resident/part-year nonresident, refer to the *Guide to Filing Your 1996 Massachusetts Income Taxes*. This publication is available by calling (617) 887-MDOR.

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 resident 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 other than from military sources.

The following examples illustrate circumstances under which military pay is or is not taxable in Massachusetts. 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.

Example: *Betsy enlisted in the Navy in Massachusetts, but moved with her husband, Eric, from Massachusetts to Delaware when she was stationed there. They did not change their domicile to Delaware. She received military income while her husband received income working as a reporter for a local newspaper.*

Betsy's income from the Navy, as well as her husband's income from the newspaper, are both subject to Massachusetts income tax since she enlisted in the Navy in Massachusetts and they did not become legal residents of Delaware. Betsy and her husband are, therefore, Massachusetts residents, and any income they receive, whether derived in Massachusetts or not, is included in their Massachusetts gross income.

Example: *Tom and Ellen are residents of Georgia. Tom enlisted in the Army in Georgia, but was stationed in Massachusetts and moved here with his wife, Ellen. He earned $30,000 in military pay. Tom and Ellen had no other income.*

Military personnel and their spouses are residents of the state in which they resided when they enlisted. Since Tom enlisted in Georgia, he and his wife are considered residents of that state. They are not residents of Massachusetts and do not have to file a Massachusetts resident income tax return.

What Are the Rules for Filing a Joint Return?

If you are legally married, you have the option of filing either a joint return or a married filing separate return. Married taxpayers who file a joint return are allowed to claim the following exemptions and deductions which married taxpayers filing separate returns may not claim:

- a deduction of one $600 amount for any dependent member of the household under the age of 12 as of December 31, 1996;
- No Tax Status if joint Massachusetts Adjusted Gross Income (Mass. AGI) was $13,450 or less plus $1,000 for each dependent;
- Limited Income Credit if joint Mass. AGI is between $13,450 and $23,538 plus $1,750 for each dependent; and
- exemptions from 12% or 5% income.

If your spouse died during 1996, you may still choose to file a joint return.

NOTE: A joint Form 1 is not allowed if both spouses were not Massachusetts residents for the same portion of 1996.

Example: *John and Jane Taxpayer were married in June 1996. John moved to Massachusetts to live with Jane. They would not be allowed to file a joint return because John was a Massachusetts resident for only half of the year.*

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 the appropriate oval. Also, attach 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.

Should I Make Estimated Tax Payments in 1997?

Every resident or nonresident who expects to pay more than $200 in Massachusetts income tax on income which is not covered by Massachusetts withholding must pay Massachusetts estimated taxes on Massachusetts Form 1-ES. See line 33 instructions for a further discussion of who must pay quarterly estimated taxes to the Department of Revenue.

When to File Your Return

Your Massachusetts Form 1 is due on or before April 15, 1997.

How Do I File for an Extension?

To receive an extension of time to file, you must file Form M-4868, Application for Automatic Six-Month Extension of Time to File Massachusetts Income Tax Return, 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 return 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 applying for an extension and do not expect to owe any tax, you may file your application for extension by touch-tone telephone (see Form M-4868 instructions for more information) or substitute U.S. Form 4868 for the Mass. extension form. If you substitute U.S. Form 4868, be sure to indicate on the form that this extension is for Massachusetts purposes.

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 Mass. Form M-4868. Mass. Form M-4868 is available at any Department of Revenue location.

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 your 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 or discover that an error was made, do not submit a second tax return. If corrections are necessary, you must file Form 33X, Massachusetts Amended Individual Income Tax Return. This form is available at any DOR location, or you may have one mailed to you by calling (617) 887-MDOR.

What if I am Unable to Pay?

If you are unable to pay the full amount of tax that you owe, you should pay as much of your tax liability as possible with this return. You will receive a bill from the Department for the remaining amount of tax due plus accrued interest and penalty charges. If the amount of that bill is less than $5,000 and you still cannot pay it in full, you must apply formally to the Department for a small payment agreement in order to avoid collection activity.

NOTE: Do not mail your request for a payment agreement with your tax return. Requests can be made by calling the Customer Service Bureau at (617) 887-MDOR. Setting up a small payment agreement will allow you to make monthly payments within a set time period to meet your unpaid liability.

Line by Line Instructions

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 any information is incorrect, do not use the preaddressed return. Instead, print the correct name, address and Social Security number of each person filing the return in the spaces provided on the additional return included in this booklet. 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.

If you legally changed your name in 1996, 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.

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.

Voluntary Contribution to Massachusetts Election Campaign Fund

You, and your spouse if filing jointly, may voluntarily contribute $1 each to the Massachusetts Election Campaign Fund. The purpose of this fund is to provide limited public financing for campaigns for statewide elective office. This contribution will not change your tax or reduce your refund.

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 7 of the instructions.

1 Filing Status

Single

Fill in the **"Single"** oval if you were single as of December 31, 1996. 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 widower whose spouse died before 1996; 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, 1996. **Both spouses are responsible for the accuracy of all information entered on a joint return and both must sign.** A joint return is allowed even if only one spouse had income or if one spouse died during 1996.

For further information, refer to the section "What Are the Rules for Filing a Joint Return?" on page 6.

Married Filing Separate Return

Fill in the **"Married filing separate return"** oval if you were legally married as of December 31, 1996, and if you and your spouse are not filing a joint return. Be sure to 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.

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

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.

Whole-dollar Method

Rounding 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 enclosed schedule(s).

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

2 Exemptions

Line 2a: 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 $2,925 in item a.
- If filing as head of household, enter $4,520 in item a.
- If married filing a joint return, enter $5,850 in item a.

Line 2b: 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, line 6c or U.S. Form 1040A, line 6c. Do not include yourself or your spouse. Then, multiply that total by $1,000 and enter the total amount in line 2b.

You must list the Social Security number of each dependent in the space provided for item b. If your dependent was born in December of 1996 and does not yet have a Social Security number, enter "12/96" in the space provided. You can receive a Social Security number for your dependent by filing Form SS-5 with your local Social Security Administration office.

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 Mass., increase the number reported in item b from your U.S. return by the number of such additional dependents.

Line 2c: Age 65 or Over Before 1997

You are allowed an additional $700 exemption if you were age 65 or over before January 1, 1997. 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 2c.

Line 2d: 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 2d.

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 2e: Other: Medical and Dental Expenses/ Adoption Agency Fee

You may claim an exemption for medical and dental expenses paid during 1996 only if you itemized these expenses on your U.S. Form 1040, Schedule A, and had excess itemized deductions. If you are married filing a joint U.S. Form 1040, you must file a joint Mass. Form 1 to claim this exemption. Enter in line 2e, 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 1996 and if the adoption fees were more than 3% of your adjusted 5.95% income, you are eligible for a limited exemption. Complete the following worksheet.

Line 2e Worksheet — Adoption Agency Fee Exemption

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

A. *Licensed adoption agency fees. . . . .* ____________
B. *5.95% income (Form 1, line 10). . . . .* ____________
C. *Enter total Mass. bank interest or the interest exemption amount, whichever is smaller (Form 1, line 5a or 5b) . . . .* ____________
D. *Adjusted 5.95% income. Add items B and C . . . .* ____________
E. *3% of adjusted income. Multiply item D by .03. . .* ____________
F. *Allowable Adoption Fee Exemption. Subtract item E from item A and enter in Form 1, line 2e, item 2. . .* ____________

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

Line 2f: Total Exemptions

Add items 2a through 2e and enter the total in line 2f. This amount should also be entered on line 18 of Form 1.

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.

3 Wages, Salaries, Tips, Other Employee Compensation

Report in line 3 total state wages from Form(s) W-2. Enter the amount(s) stated as Massachusetts wages. In most cases your total wages will be the same amount reported on your U.S. 1040 or 1040A, line 7; or 1040EZ, line 1. The following are some instances that require an adjustment to these amounts.

Contributions to Tax-sheltered Annuity Contracts

The Form W-2 state wage total must be reported in line 3 of Form 1. You may not deduct excess voluntary contributions made under a tax-sheltered annuity contract. Employees of certain private tax-exempt organizations, public educational institutions or hospitals may be covered by federally tax-sheltered annuity contracts (under Section 403 (b) of the U.S. Internal Revenue Code, (IRC)) under which contributions are made under an authorized salary reduction agreement. If you were such an employee and you contributed more than required under the retirement plan of your employer, you must include the excess contribution in your Massachusetts wages. Generally, your employer will show a higher wage total for Massachusetts than the U.S. total on your Form W-2, and you must use the Massachusetts amount. Employees making contributions under an IRA or Keogh Plan should refer to instructions for line 9.

Massachusetts Legal Residents Working in a Foreign Country
Income earned by Massachusetts residents 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 Section 911 of the U.S. IRC), you must include any such amount in line 3 for Massachusetts tax purposes.

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 3 the Mass. W-2 state wage amount. This amount will be higher than the U.S. amount because your pension contributions are excluded from your income for U.S. tax purposes. Contributions up to $2,000 per taxpayer may still be deducted in line 11 for Massachusetts tax purposes.

Employer Reimbursement for Moving Expenses Incurred after December 31, 1993
For Massachusetts income tax purposes, all employment related moving expense reimbursements must be included in Massachusetts gross income. This amount, listed in box 13 of Form W-2 and coded with the letter "P," generally should be included in box 17 of Form W-2 as state wages and reported as income on line 3 of Form 1.

4 Taxable Pensions and Annuities

Income from most private pensions or annuity plans is taxable in 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. Noncontributory military pensions are taxable in Massachusetts. The following section describes some specific pensions which are exempt. If your pension is exempt, enter "0" in line 4 and note the source on the dotted line to the left. For more information, refer to Technical Information Release (TIR) 89-6 or 92-3.

If your pension is not exempt, you should generally enter in line 4 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 Sections 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 was 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 4 and explain briefly (in an enclosed statement) why this amount is different from 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 18.

NOTE: Massachusetts does not tax Social Security income; therefore, you should not report such income on Mass. Form 1.

What pensions are exempt?

- 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 lump-sum distribution is fully taxable and should be reported in line 4.

- 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.

- Other exempt pensions include income received from a contributory annuity, pension, endowment or retirement fund of the U.S. Government. 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 4. Refer to Schedule Y, line 4 instructions to determine eligibility for this deduction.

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 4. 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 in line 9.

5 Interest from Massachusetts Banks

Enter the total amount of interest received or credited to deposit accounts (term and time deposits, including certificates of deposit, savings accounts, savings shares, and NOW accounts) in line 5a. Then, enter your exemption amount in line 5b (if married filing jointly, enter $200; otherwise, enter $100). Subtract line 5b from 5a and enter the result in line 5, but not less than "0". See the example at the top of the next page.

Line 5 Example

Jane had $90 in Massachusetts bank interest in line 5a. The exemption amount is $100. Therefore, Jane enters "0" as her interest after exemption in line 5.

5 Mass. bank interest: a. ► 90.00 – b. exemption 100.00 = 5 0.00

Exemption: if married filing jointly, subtract $200 from Total; otherwise subtract $100 & enter result

Do **not** subtract interest forfeited or penalties charged to you for early savings withdrawal. You will be allowed to deduct these amounts on Schedule Y, line 2. All other interest is taxed at 12% unless exempt and should be entered on Mass. Schedule B. The return on an IRA/Keogh is not taxable until distributed.

Lines 6, 7 and 10. If showing a loss in lines 6, 7 or 10, be sure to mark over the X in the box to the left. Do not use parentheses or negative signs to indicate losses.

6 Business/Profession or Farm Income or Loss

Enter in line 6 the amount of income or loss from a business or profession, from Mass. Schedule C, line 31. You must enclose Mass. Schedule C with this return. Also, enclose a copy of your U.S. Schedule C or Schedule C-EZ. See Mass. Schedule C instructions for more information.

If you operate a farm as an individual or cooperative, enter the amount of income or loss from operating a farm from U.S. Schedule F, Profit or Loss from Farming, line 36. Enclose a copy of U.S. Schedule F.

7 Rental, Royalty, REMIC, Partnership, S Corporation, Trust Income or Loss

Enter in line 7 the total of: Mass. Schedule E, Part I, line 5; Part II, line 9; and Part III, line 11. Remember to subtract losses when calculating the total. You must enclose Mass. Schedule E and a copy of U.S. Schedule E. Explain on an enclosed sheet any differences in amounts entered on the Massachusetts and U.S. schedules. See Mass. Schedule E instructions for an explanation of possible differences.

8 Unemployment Compensation

If you received unemployment compensation, enter in line 8 the amount reported on U.S. Form 1040, line 19, 1040A, line 12, 1040EZ, line 3 or U.S. Telefile worksheet, item D.

9 Other Income (from Schedule X)

Alimony Received, Taxable IRA/Keogh Distributions, Winnings, Fees and Other 5.95% Income

"Other 5.95% income" includes the items listed above and must be included on Schedule X. Enter the total from Schedule X, line 4. Be sure to enclose Schedule X with your return. Enclose an additional statement if more space is needed. Failure to enclose this schedule will delay the processing of your return. See Schedule X instructions on page 18.

10 Total 5.95% Income

Add lines 3 through 9 and enter the total in line 10. Remember to subtract any losses marked with an "X" when calculating the total.

Deductions

Lines 11 through 15

Massachusetts allowable deductions differ from "Itemized Deductions" on Schedule A of U.S. Form 1040. You may claim only the deductions specified on Mass. Form 1, lines 11 through 15.

Please read the instructions for lines 12 and 13 to determine which deduction you qualify for or which is better for you. You cannot claim a deduction in both lines 12 and 13.

You are not allowed to deduct amounts unless they are directly related to income that is subject to taxation and reported on Massachusetts Form 1.

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

If you have paid into any of the retirement systems listed above during 1996, you may deduct those contributions, up to a maximum of $2,000.

Enter in items 11a and 11b the amount you (and your spouse, if filing jointly) paid to Social Security (FICA), Medicare or Railroad Retirement as shown on your W-2 statement, and the U.S. or Massachusetts Retirement Systems during 1996, but not more than $2,000 each. Payment amounts may not be combined or transferred from one spouse to the other. Add items 11a and 11b and enter the result in line 11. 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 or Simplified Employee Pension plan (SEP) are not deductible for Massachusetts income tax purposes.

12 Child Under Age 15, 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. However, since Massachusetts adopts the U.S. Internal Revenue Code in effect on January 1, 1988, changes in federal law which occurred after January 1, 1988 are not adopted by Massachusetts. Complete the worksheet below in order to calculate your Massachusetts child or disabled dependent/spouse care expense deduction. The worksheet will take into account the following Massachusetts differences from the U.S. Internal Revenue Code:

Employer-provided dependent care benefits

Federally, you are required to include any employer-provided dependent care benefits in calculating the maximum amount of allowable expenses. You do not have to include employer-provided dependent care benefits in computing the amount of your Massachusetts deduction.

Expenses for children 13 or 14 years of age

Massachusetts allows you to include expenses for children under 15 (13 or 14 years of age) who otherwise do not qualify federally.

Be sure to enter the care provider's name and identifying number (Social Security number or Employer Identification number) in the space provided in line 12 of Form 1. If more space is needed, enclose an additional statement.

If you choose to take a deduction in line 12, you cannot take the deduction in line 13.

Line 12 Worksheet — Child Under Age 15 or Disabled Dependent/Spouse Care Deduction

Use the following worksheet to calculate your Massachusetts child under age 15 or disabled dependent/spouse care deduction. Also enclose U.S. Form 2441 or U.S. Form 1040A, Schedule 2.

***A.** Enter the amount from U.S. Form 2441, line 14, or U.S. Form 1040A, Schedule 2, line 14. If line 14 is not completed, enter the amount from line 4 . . . . ________*

***B.** Enter expenses for a child age 13 or 14 . . . . ________*

***C.** Total. Add items A and B. . . . . ________*

***D.** Enter $2,400 ($4,800 if you paid for the care of two or more qualifying persons). . . . . ________*

***E.** Compare items C and D. Enter the smaller of the two amounts here . . . . ________*

***F.** Enter the amount from U.S. Form 2441, line 5, or U.S. Form 1040A, Schedule 2, line 5 . . . . ________*

***G.** If you are married filing a joint return, enter the amount from U.S. Form 2441, line 6 , or U.S. Form 1040A, Schedule 2, line 6. Otherwise, enter "0" . . . . ________*

***H.** If you are married filing a joint return, compare the amounts in items E, F and G. Enter the smallest of the three amounts here. ________*

All others, compare the amounts in items E and F and enter the smaller of the two amounts here. . . . . ________

***I.** If you paid 1995 expenses in 1996, enter the amount of the allowed 1995 expenses used to compute the credit on U.S. Form 2441, line 10, or U.S. Form 1040A, Schedule 2, line 10. Otherwise, enter "0" . . . . ________*

***J.** Add items H and I. Enter here and in Form 1, line 12 . . . . ________*

13 Dependent Member of Household Under Age 12 at Year End

You may deduct one $600 amount if at least one dependent member of your household was under age 12 on December 31, 1996 and if you are either single, head of household or married filing jointly. You may claim only one $600 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 13.

You may claim an amount in line 13 only if there is no entry in line 12.

14 50% Rental Deduction

You may be entitled to a rental deduction equal to one-half (50%) of the rent you paid during 1996 (up to a maximum of $2,500 per return) for your principal residence in Massachusetts.

What Qualifies for the Rental Deduction?

The deduction must be for rent you paid to a landlord for the rental or lease of your principal residence in Massachusetts.

If two or more persons jointly rent a unit, each occupant using it as his/her principal residence is entitled to a deduction based on the amount of rent that each person paid.

If the rent is paid by a third party (such as a parent) who maintains a principal residence elsewhere, no 50% rental deduction is allowed for either party.

A principal residence does not include any residence for vacation, an apartment for a person on a temporary assignment or a student or faculty member who has a principal residence elsewhere. It also does not include any apartment or house in Massachusetts of a nonresident who has a legal residence in another state or country.

Payment for occupying a hotel, motel or rooming house is not considered rent unless a rental agreement exists. All separately stated charges such as utilities, furnishings or parking cannot be included in rent for purposes of this deduction. Also, rent does not include any advance payments (such as security deposit, last month's rent, etc.) until actually applied as rent.

To compute your 50% rental deduction, complete the worksheet on the following page. Do not include separately stated charges for furnishings, utilities, parking, etc.

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 front of the return.

Line 14 Worksheet — 50% Rental Deduction

A. *Enter the total amount of qualified rent paid by you during 1996* . . . . ________

B. *Divide item A by 2 (÷ 2) and enter the result, or $2,500 — whichever is smaller — in line 14 of Form 1.* . . . . ________

This deduction is limited to one deduction of not more than $2,500 per return. Enter your landlord's name(s) in the area provided on line 14. Enclose an additional statement if you need more space.

15 Other Deductions (from Schedule Y)

Allowable Employee Business Expenses, Penalty on Early Savings Withdrawal, Alimony Paid & Deductible Amount of Qualified Contributory Pension Income From Another State or Political Subdivision

Enter the total from Schedule Y, line 5. 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 19.

16 Total Deductions

Add lines 11 through 15.

17 5.95% Income After Deductions

Subtract line 16 from line 10. Enter the result in line 17. If line 16 exceeds line 10, enter "0" in line 17. Please carry over this amount to the back of Form 1.

18 Exemption Amount

Enter amount from Exemption Section, line 2, item f.

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

If you are reporting income on Form 1 and were also the beneficiary of an estate or trust, you may apply excess exemptions to your Form 2 income taxed at 5.95% before applying the excess exemptions to your 12% income reported on Form 1. Any excess amount then should be applied against 12% income reported on Form 2 before applying any remaining excess exemption amount against 5% income on Form 1. Any excess amount still remaining should then be applied against 5% 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.

Lines 21 and 22 Worksheet — Exemptions from 12% and 5% Income

If your total exemptions in line 18 are more than the amount of your 5.95% income after deductions in line 17, the excess may be applied against all your income taxed at 12%. Any remaining excess amount may then be applied against all your income taxed at 5%. (If you are the beneficiary of a Massachusetts trust or estate, see the instructions for line 18.) Complete the following worksheet only if line 17 is less than line 18 to determine if you qualify for the excess exemption.

A. *Schedule B, line 18* . . . . ________

B. *Schedule B, line 19* . . . . ________

C. *Subtract item B from item A* . . . . ________

D. *Enter amount from Form 1, line 18* . . . . ________

E. *Enter amount from Form 1, line 17* . . . . ________

F. *Subtract item E from item D. If "0" or less, you do not qualify for this exemption. Omit the remainder of this worksheet.* . . . . ________

G. *Excess exemptions applied against 12% income. If item C is larger than item F, enter item F here and in Schedule B, line 20 and omit remainder of worksheet. If item F is equal to or larger than item C, enter item C here and in Schedule B, line 20. Complete items H through J.* . . . . ________

H. *Subtract item G from item F. If "0" you have no remaining excess exemptions. Omit the remainder of this worksheet.* . . . . ________

I. *Enter Schedule D, line 8* . . . . ________

J. *Excess exemptions applied against 5% income. If item I is larger than item H, enter item H here and in Schedule D, line 9. If item H is equal to or larger than item I, enter the amount from item I in Schedule D, line 9* . . . . ________

Tax on 5.95% Income

19 5.95% Income After Exemptions

Subtract line 18 from line 17. If line 18 exceeds line 17, enter "0" in line 19.

20 5.95% Tax (from Table)

Based upon the amount in line 19, find the proper amount of tax in the green table at the back of this booklet. Enter the tax in line 20. If line 19 is more than $80,000, multiply the amount in line 19 by .0595 and enter the result in line 20. You must use the tax table if line 19 is $80,000 or less.

12% Income and Tax

21 Schedule B (Interest, Dividend and Certain Capital Gains and Losses)

Enter in line 21a the amount from Schedule B, line 21. Multiply this amount by .12 (12%) and enter the tax in line 21.

If you have any interest income other than interest from deposits in banks located in Massachusetts or if you have any dividend income in excess of $400, 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 22 of this booklet.

5% Income and Tax

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

Enter in line 22a the amount from Schedule D, line 10. Multiply this amount by .05 (5%) and enter the tax in line 22. Be sure to enclose Mass. Schedule D. To determine if you need to file Schedule D refer to the Schedule D instructions beginning on page 25 of this booklet.

Excess Exemptions

If there is any entry in Schedule B, line 20 and/or Schedule D, line 9, be sure to fill in the oval in line 22.

Mass. AGI for Line 23 and Line 25

Single, Married Filing a Joint Return or Head of Household Only (if married filing a separate return, proceed to line 24)

If your Massachusetts Adjusted Gross Income (Mass. AGI) was $8,000 or less if single, $13,450 or less plus $1,000 per dependent if married filing a joint return or $12,120 or less plus $1,000 per dependent if head of household, you qualify for No Tax Status and are not required to pay any Massachusetts income taxes.

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 married filing a joint return and your Mass. AGI is between $13,450 and $23,538 plus $1,750 per dependent or if you are filing as head of household and your Mass. AGI is between $12,120 and $21,210 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.

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 distributions;
- fees and unemployment compensation;
- income or loss from a business or profession;
- income or loss from partnerships, S corporations and trusts;
- rents and royalties;
- REMIC income;
- alimony;
- other 5.95% income;
- interest from Massachusetts banks before exemptions;
- 12% interest and dividends; and
- capital gains.

Complete the AGI Worksheet below to see if you may qualify for No Tax Status or the Limited Income Credit.

Line 23 Worksheet — Mass. AGI

Enter all losses as "0."

Line 1. *Enter your total 5.95% income from Form 1, line 10* . . . . ________

Line 2. *Enter the total of Schedule Y, lines 1, 2 and 3* ________

Line 3. *Subtract line 2 from line 1* . . . . ________

Line 4. *Enter total Mass. bank interest or the interest exemption amount, whichever is smaller, from Form 1, line 5a or line 5b* . . . . ________

NOTE: *If Form 1, line 10 is a loss, do not complete line 4 above. Instead, combine Form 1, line 10 with the smaller amount of total Mass. bank interest or the interest exemption amount. Enter the result in line 4 above, unless the result is a loss. If the result is a loss, enter "0."*

Line 5. *Enter the total from Form 1, line 21a* . . . . . ________

Line 6. *Enter the total from Form 1, line 22a* . . . . . ________

Line 7. *Enter the total from Schedule B, line 20*. . . . ________

Line 8. *Enter the total from Schedule D, line 9*. . . . . ________

Line 9. *Add lines 3 through 8. If you are single and the total in line 9 is $8,000 or less, you qualify for No Tax Status (see line 23 instructions). If you are single but do not qualify for No Tax Status, and your total in line 9 is $14,000 or less, complete line 24 and see line 25 instructions for the Limited Income Credit. If you are filing as head of household or married filing a joint return, compare line 9 with the following chart to see if you may qualify for No Tax Status or the Limited Income Credit* . . . . ________

	Filing status:			
Number of dependents *(from Form 1, line 2b):*	***Head of household.*** *Line 9 of the AGI worksheet is less than or equal to:*		***Married filing a joint return.*** *Line 9 of the AGI worksheet is less than or equal to:*	
0	$12,120	$21,210	$13,450	$23,538
1	13,120	22,960	14,450	25,288
2	14,120	24,710	15,450	27,038
3	15,120	26,460	16,450	28,788
4	16,120	28,210	17,450	30,538
5	17,120	29,960	18,450	32,288
6	18,120	31,710	19,450	34,038
	you qualify for No Tax Status	*you may qualify for the Limited Income Credit*	*you qualify for No Tax Status*	*you may qualify for the Limited Income Credit*

If the number of dependents is more than 6, add $1,000 per dependent to the green column for No Tax Status, or $1,750 per dependent to the red column for the Limited Income Credit.

If you qualify for No Tax Status, see the instructions for line 23. If you may qualify for the Limited Income Credit, go to line 24 and complete the worksheet for line 25.

23 No Tax Status

If you qualify for No Tax Status, fill in the oval in line 23, enter "0" in line 24 and continue completing Form 1.

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

24 Tax

Add line 20 (5.95% tax), line 21 (12% tax) and line 22 (5% tax). Enter the total in line 24.

25 Limited Income Credit

Line 25 Worksheet — Limited Income Credit

Line 1. *Enter amount from line 9 of Mass. AGI Worksheet* . . . . ________

Line 2. *Enter $8,000 if single. If married filing a joint return or head of household, enter the amount from the green column of the chart* . . . . ________

Line 3. *Subtract line 2 from line 1* . . . . ________

Line 4. *Enter in line 4 the amount of tax from Form 1, line 24* . . . . ________

Line 5. *Multiply line 3 by 10% (.10)*. . . . . ________

Line 6. *If line 4 is smaller than line 5, you are not eligible for this credit. Enter "0." If line 4 is larger than line 5, subtract line 5 from line 4 and enter the result here and in line 25 on Form 1*. . . . . ________

26 Credits

◗ **Long-Term Capital Gains Tax Credit Applied to 12% Income:** A credit applied against 12% tax is available if there is a net long-term capital loss. The loss is multiplied as a positive amount by .05 (5%) and the result applied as a credit against 12% tax to the extent that the 12% tax is attributable to capital gains or, any excess amount can be carried over to subsequent taxable years. This credit only applies if Schedule B, line 21 is a positive amount (gross 12% interest, dividends and certain other capital gains) and Schedule D, line 10 is a loss (adjusted long-term capital losses). Enter in line 26 the amount from Schedule B-1, line 11 and fill in the appropriate oval.

◗ **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 the following worksheet 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 U.S.; (b) any territory or dependency of the U.S. (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).

The total credit which you calculate on this worksheet is the smaller of the amount of taxes due to other jurisdictions (net of certain adjustments) or the portion of your Massachusetts 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 worksheets if you had 5.95% and 12% or 5% income taxed by another jurisdiction. If you use this worksheet to calculate a credit for 12% or 5% income, substitute 12% or 5% income for 5.95% income in line 1. You must also substitute Form 1, line 21a (12% income) or line 22a (5% income) for Form 1, line 10 in line 2 of the worksheet and, Form 1, line 21 (12% tax) or line 22 (5% tax) for Form 1, line 20 in line 4 of the worksheet.

NOTE: When using this worksheet to calculate credit for 12% or 5% income, enter in line 1 capital gains taxed in another jurisdiction calculated as if they were earned in Massachusetts.

Line 26 Worksheet — Income Tax Paid to Another Jurisdiction

Line 1. *Enter the total 5.95% income on which you paid taxes to another jurisdiction* . . . . ________

Line 2. *Enter the total of Form 1, line 10 and the total Mass. bank interest or the interest exemption amount, whichever is smaller*. . . . . ________

Line 3. *Divide line 1 by line 2* . . . . ________

Line 4. *Enter the amount of 5.95% tax from Form 1, line 20* . . . . ________

Line 5. *Enter any Limited Income Credit from Form 1, line 25* . . . . ________

Line 6. *Enter amount from Schedule B-1, line 11 only if 12% income was subject to tax in another state or jurisdiction* . . . . ________

Line 7. *Subtract the total of lines 5 and 6 from line 4* . . . . ________

Line 8. *Multiply line 7 by line 3*. . . . . ________

Line 9. *Enter the total tax paid to other jurisdictions on income also reported on this return unless the tax was paid to Canada. 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 41. Credit is only allowable for amount of tax paid*. . . . . ________

Line 10. *Enter the smaller of lines 8 or 9 here and on Form 1, line 26, and fill in the appropriate oval in line 26* . . . . ________

◗ **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, complete and enclose Massachusetts Residential Energy Credit, Schedule EC.

◗ **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.

◗ **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). Complete and enclose Schedule EOA.

If you are entitled to take any of the credits in line 26, complete any required enclosures, fill in the appropriate ovals on Form 1 and enter the total amount in line 26.

27 Total Credits

Add line 25 and line 26. This is the total of your credits. Enter the total in line 27.

28 Tax After Credits

Subtract line 27 from line 24 and enter the result in line 28, but not less than "0."

29 Voluntary Contributions

You may contribute any amount you choose 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 for 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 29.

30 Tax After Credits Plus Voluntary Contributions

Add line 28 and line 29. This is the total tax plus voluntary contributions. Enter the total in line 30.

31 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 31. Attach, with a single staple, state copies to your return; otherwise your claim of amounts withheld will not be allowed. If you have lost your state copy, ask the payer for a duplicate. Copies of 1099s need only be attached if they show an amount for Massachusetts tax withheld.

32 1995 Overpayment Applied to Your 1996 Estimated Tax

Include the exact amount of any 1995 overpayment you applied to your 1996 estimated taxes on your 1995 Mass. Form 1, line 37. Do not include any 1995 refund in this line.

33 1996 Massachusetts Estimated Tax Payments

If you paid Massachusetts estimated income tax for 1996, enter in line 33 the total of all Massachusetts estimated tax payments. Be sure to include any last quarter (of 1996) payment made on or before January 15, 1997. Do not include any 1995 overpayment applied to your 1996 estimated tax. Every resident or nonresident who expects to pay more than $200 in Massachusetts income tax on income which is not covered by Massachusetts withholding must pay Massachusetts estimated taxes on Mass. Form 1-ES. These forms are available at any Department of Revenue location.

Income which is not subject to withholding includes:

◗ salaries and wages where the employer is not subject to Massachusetts withholding;
◗ dividends and interest, including Massachusetts savings deposit interest;
◗ gains from capital assets;
◗ income from an individual trade, business, profession, partnership or S corporation;
◗ income from any estate or trust not taxed directly;
◗ certain pensions;
◗ rental, royalty or REMIC income;

- unemployment compensation (if you did not elect voluntary withholding);
- alimony received;
- illegal income; and
- any other income received while a Massachusetts resident from which Massachusetts tax will not be withheld.

In most cases, the first payment voucher, Mass. 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 current taxable year and January 15 of the following year.

You may request your employer to withhold additional amounts from your salary to cover the taxes on other income, so that you do not have to file and pay estimated taxes. You can ask your employer to make this change on Form M-4, Massachusetts Employee's Withholding Exemption Certificate.

If 80% of the tax is not paid throughout the year through withholding and/or estimated payments, a penalty may be imposed.

34 Payments Made with Extension

If you filed Massachusetts Form M-4868, Application for Automatic Six-Month Extension of Time to File Massachusetts Income Tax Return, for 1996 on or before April 15, 1997, enter in line 34 the amount you paid with Mass. Form M-4868, line 7. Enclose a copy of your extension form with your return.

35 Total Tax Payments

Add lines 31 through 34. Enter the total of these Massachusetts tax payments in line 35.

Amount of Your Refund

36 Overpayment

If line 30 is smaller than line 35, subtract line 30 from line 35 and enter the result in line 36. This is the amount of your overpayment. If line 30 is larger than line 35, skip to line 39.

37 Amount of Overpayment You Want Applied to Your 1997 Massachusetts Estimated Tax

Enter the amount of your 1996 overpayment that you wish to apply to your 1997 Massachusetts estimated tax. Once an election is made to apply your overpayment to your 1997 estimated tax, it cannot be refunded later or applied to any additional tax you may owe for 1996. The amount entered in this line can only be claimed as a credit on your 1997 Massachusetts return.

38 Amount of Your Refund

Subtract line 37 from line 36. Enter the result in line 38. This is the amount of your refund.

Amount of Tax You Owe

39 Amount of Tax You Owe

If line 30 is larger than line 35, subtract line 35 from line 30, and enter the result in line 39. 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 the 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, found in the instructions. Also, fill in the appropriate oval indicating that you are paying the full amount in line 39 with Form PV. 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 to your advantage to file when your return is due, whether or not you are able to make full payment.

If you owe any interest, penalty or addition for the underpayment of estimated tax, add those amounts to the tax you owe and enter the total amount in line 39.

What Are Interest and Penalties?

Interest: If you fail to pay the tax when due, interest will be charged. See TIR 92-6 for an explanation of how interest is compounded in Massachusetts.

Penalty for Late Payment: The penalty for late payment is ½% per month (or fraction thereof) of the tax due, 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% per month (or fraction thereof) of the tax due, 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 Tax: You will generally be subject to this addition to tax if you did not have withholding and/or estimated payments equal to 80% of the total tax liability required to be paid and your 1996 tax due after credits and withholding is greater than $200. The 80% requirement is reduced to 66⅔% for individuals who receive two-thirds of their income from fishing or farming. If you failed to meet these requirements, you must complete and enclose Mass. Form M-2210 to calculate the amount you must add to line 39. You do not have to enclose Form M-2210 if the balance due with your return is $200 or less.

You may not be subject to an underpayment penalty if you qualify for one of the following exceptions:
◗ you are a qualified farmer or fisherman and are paying the full amount of the tax due on or before March 1, 1997;
◗ you were a Mass. resident and were not liable for 1995 taxes (where the taxable year was 12 months); or
◗ the sum of your estimated payments and withholding equals or exceeds your 1995 total tax due (where the taxable year was 12 months and a return was filed).

If you qualify for one of these exceptions, please fill in the oval marked “EX” under line 39 on Form 1 and enclose Form M-2210 indicating which of the exceptions applies to your circumstances.

A limited number of taxpayers may also qualify for a waiver of the underpayment penalty for one or more installments if:
◗ the underpayment was because of casualty or disaster; or
◗ you retired after reaching age 62 or became disabled during 1995 or 1996 and the underpayment was due to reasonable cause and not willful neglect.

If you think you qualify for one of these waivers, please enclose Form M-2210 and an explanatory statement with your return and fill in the oval marked “EX” under line 39. If your waiver is not for all four installments, complete Form M-2210 to calculate the underpayment penalty for the installments which are not covered by the waiver. Form M-2210 is available at any Massachusetts Department of Revenue location.

Penalty for Failure to Report Federal Change: If the U.S. Internal Revenue Service changes your income for a prior year (generally through audit), file a Mass. 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 10% of the additional tax due or $100, whichever is smaller. If the change indicates a refund, file Mass. Form 33X within one year.

Sign Here

Now that you have completed Form 1, sign your name. Your spouse must also sign if this is a joint return. 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, with a single staple, all state copies of your Forms W-2, W-2G and any 1099R which included Mass. withholding. If making a payment, be sure to staple your check or money order to Form PV and enclose the front of Form PV with your Form 1. 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. 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.

NOTE: Schedule instruction 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.

Schedule X

Other Income

Be sure to enclose with Form 1.

1 Alimony Received

Enter in Schedule X, line 1 the total amount of all periodic payments of alimony or separate maintenance received under a court judgment or decree as reported on U.S. Form 1040, line 11. Payments specified as child support are not taxable. You must enter in the space provided the payer’s name and Social Security number.

2 Taxable IRA/Keogh Distributions

Enter the taxable portion of any amount you received as a Keogh or IRA (Individual Retirement Account) distribution. 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. Enter this figure on Schedule X, line 2. In the space provided, enter the amount of your contributions and the amount distributed to date.

◗ 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.

3 Winnings, Fees and Other 5.95% Income

The following items should be reported on line 3 of Schedule X. 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 3 are 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 in a quiz program, drawing, beauty contest, etc. are taxable at fair market value. Awards and bonuses received from your employer for performance of services not part of a qualified award plan are also taxable.

Schedule X Example
John has $1,499 in other income from two sources: Lottery winnings of $500, less $1 (cost of winning ticket) and a $1,000 cash prize drawing.

3 Winnings, fees and other 5.95% income (list sources and amounts). Note: Gambling losses are not deductible under Massachusetts law.

Lottery $500, less ticket $1, cash prize drawing $1,000 Total . . . ► 3 *1,499.00*

◗ All gambling winnings from lotteries, raffles, races, beano or other events of chance, wherever held, are taxable. You may only deduct the price of your winning ticket. Gambling losses are not deductible under Massachusetts law. Gambling losses claimed as itemized deductions on U.S. 1040, Schedule A are not allowed on your Mass. return. See example above.

◗ Other Massachusetts 5.95% income reported on U.S. 1040, line 21 and not reported elsewhere in “5.95% Income” section on Mass. Form 1 must be reported in line 3 of Schedule X.

◗ Embezzled or other income from illegal activities is taxable and should be reported on Schedule X, line 3.

The following items should not be reported on your Massachusetts return:

◗ Any “net operating loss” reported as a negative amount on U.S. Form 1040, line 21 cannot be entered on Schedule X. A net operating loss from a business or profession cannot be carried forward or backward to offset individual income in any other year under Massachusetts law.

◗ Refunds of U.S. and Massachusetts income taxes are not considered income under Massachusetts law. If you received interest on refunds, you must report such interest on Massachusetts Schedule B.

4 Total

Add lines 1, 2 and 3 and enter the total in line 4 of Schedule X and on line 9 of Form 1. 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.

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 worksheet on the following page in order to calculate your Mass. employee business expense deduction. The expenses must relate to income reported in lines 3 or 9 of this form.

If you are a performing artist, do not complete the worksheet. Enter on Schedule Y, line 1 your federally deductible business expenses included on U.S. Form 1040, line 30.

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. Unreimbursed travel and transportation expenses of a handicapped employee, which are also impairment-related business expenses, are not subject to the 2% floor. See Schedule Y, line 1 worksheet on the following page.

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

__A.__ Enter the amount from U.S. Form 2106, line 8, col. B or 2106-EZ, line 5 before 50% reduction . . . . ________
__B.__ Multiply item A by .80 and enter the result here. . . ________
__C.__ Enter the amount from U.S. Form 2106, line 9, col. A or 2106-EZ, the total of lines 1 through 4. . . . ________
__D.__ Add items B and C. Enter this amount here . . . . . ________
__E.__ If you are an employee other than an outside salesperson, enter the amount of unreimbursed expenses included in item D, except those which were incurred for travel, transportation, lodging or meals while away from home. . . . . ________
__F.__ If you are a handicapped employee, enter the amount of unreimbursed expenses included in item D that were incurred for travel, transportation, lodging or meals while away from home, and that were impairment-related. In addition, enter any reimbursed expenses that you included in line 10 of U.S. Form 2106. . . . . ________
__G.__ Enter any reimbursed expenses included in U.S. Form 2106, line 10, under IRC §62(c). These are reimbursed expenses or advances you were not required to substantiate or return to your employer. . . . . ________
__H.__ Enter the value of an employer-provided vehicle from U.S. Form 2106, line 25 . . . . ________
__I.__ Subtract items E, F, G and H from item D, and enter the result here . . . . ________
__J.__ Enter the amount from U.S. Schedule A, line 26 minus any amount in items G and H. . . . . ________
__K.__ Enter item I or J, whichever is smaller . . . . ________
__L.__ Enter the amount in items F, G and H above. . . . . ________
__M.__ Add items K and L. Enter this amount 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 on 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 28. Enter this amount in line 2 of Schedule Y.

3 Alimony Paid

This deduction includes only amounts that you paid to your former spouse during 1996 for alimony or separate maintenance under court decree. Enter in line 3 of Schedule Y the amount reported on U.S. Form 1040, line 29. Enter the recipient's name and Social Security number beneath line 3 of Schedule Y.

4 Deductible Qualified Contributory Pension Income from Another State or Political Subdivision Included in Form 1, Line 4

Massachusetts allows a deduction for pension income received by another state or one of its political subdivisions which does not tax such income from Massachusetts or its political subdivisions. 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 4 of Schedule Y that was included in Form 1, line 4. Be sure to enter the name of the state or political subdivision in the space provided in line 4.

5 Total Other Deductions

Add lines 1 through 4 and enter the total in line 5 of Schedule Y and on line 15 of Form 1. Be sure to enclose Schedule Y with your return. Failure to do so will delay the processing of your return.

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

1a Rental and Royalty Income or Loss

Enter total rental and royalty income or loss included in U.S. Form 1040, Schedule E, Part I, line 26 and U.S. Schedule E, Part V, line 39.

1b Real Estate Mortgage Investment Conduit (REMIC) Income or Loss

Enter total Real Estate Mortgage Investment Conduit (REMIC) residual income or loss from U.S. Schedule E, Part IV, line 38.

2 Massachusetts Differences

Enter and explain any differences between total rental, royalty and REMIC income on the U.S. return and the same type of income on your Mass. return. Possible differences include trust provisions, deductible royalties from approved U.S. energy conservation patents, passive losses, Section 179 expenses, at risk losses, and depreciation deductions as described on the following page. Explain the differences in the space provided or enclose an additional sheet if necessary.

Trust Provisions

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

Deductible Royalties from U.S. Energy Conservation Patents

Enter any income you received from certain U.S. patents that are approved by the Massachusetts 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 Street, Room 1500, Boston, MA 02202, or call (617) 727-4732. Enclose evidence of such approval with your tax return. If such approved patent income is other than royalty income, use the applicable schedule and explain.

Passive Losses, Section 179 Expenses, At Risk Losses, Depreciation

Massachusetts does not recognize the current U.S. income tax provisions for Section 179 expensing, the recovery period for the depreciation of nonresidential real property and the amortization of goodwill and other intangibles. Also, as a result of differences in U.S. and Massachusetts rules in 1987, the calculations you made for passive losses, depreciation, Section 179 expenses or at risk losses on your 1987 U.S. and Massachusetts returns may have differed. Differences in 1987 and 1996 amounts reported 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.

For more information, see the *Guide to Filing Your 1996 Massachusetts Income Taxes*.

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, Royalty and REMIC Income or Loss for Massachusetts

Subtract line 4 from line 3. Remember to subtract losses when calculating the total. This figure should be added to any amount(s) in Schedule E, Part II, line 9 and/or Part III, line 11 and the total entered on Form 1, line 7.

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

1 Partnership and S Corporation Income or Loss

Enter your total partnership and S corporation income or loss from your U.S. Form 1040, Schedule E, Part II, line 31.

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 Mass. return. Possible differences include passive losses, Section 179 expenses, at risk losses and depreciation deductions. Explain the differences in the space provided or enclose an additional sheet as necessary. Refer back to Schedule E, Part I, line 2 instructions for further guidance. If you use information from Mass. Schedule 3K-1 and/or SK-1, take care not to duplicate adjustments already made for differences in U.S. and Massachusetts tax treatments.

4 Abandoned Building Renovation Deduction

In line 4 enter 10% of the costs of renovating a qualifying abandoned building in an Economic Opportunity Area. For further information, refer to the instructions for line 4 of Schedule E, Part I.

5 Mass. Adjusted Partnership and S Corporation Income or Loss

Subtract line 4 from line 3 and enter here.

6 12% Interest and Dividends

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

7 Interest from Massachusetts Banks

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

9 Total Income or Loss from Partnerships and S Corporations

Subtract line 8 from line 5. Remember to subtract losses when calculating the total. This figure should be added to any amount(s) in Schedule E, Part I, line 5 and/or Part III, line 11 and the total entered on Form 1, line 7.

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

1 Estate and Trust Income or Loss

Enter your total estate and trust income or loss from your U.S. Schedule E, Part III, line 36.

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. Possible differences may occur if you have passive losses, Section 179 expenses, at risk losses or depreciation deductions. See explanation in line 2 of Schedule E, Part I.

4 Abandoned Building Renovation Deduction

In line 4 enter 10% of the costs of renovating a qualifying abandoned building in an Economic Opportunity Area. For further information, refer to the instructions for line 4 of Schedule E, Part I.

5 Massachusetts Adjusted Trust and Estate Income or Loss

Subtract line 4 from line 3 and enter the result in line 5.

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 above. If you do not know this amount, check either your U.S. Schedule K-1 or contact your trustee or other fiduciary.

7 Grantor-Type Trust and Non-Massachusetts Estate and Trust Income

Subtract line 6 from line 5.

8 12% Interest and Dividends

Enter any 12% interest and dividends if included in line 7, and enter on Mass. 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, line 5a. Enter the total of pension and annuity income if included in line 7. This income must be reported on Form 1, line 4.

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

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

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

You 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;
- gains or losses from the sale, exchange or involuntary conversion of property used in a trade or business; 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, alcoholic beverages, certain coins, and any other items treated as collectibles for federal tax purposes.

- You need not file Mass. Schedule B if all interest income you had was from Massachusetts banks (reportable in Form 1, line 5a), and your gross dividend income was less than $400 (dividend income under $400 is reportable on Form 1, line 21a).

- You must complete Mass. Schedule B if your interest or dividend income includes: capital gain distributions; 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; or gains or losses from the sale, exchange or involuntary conversion of property used in a trade or business and held for less than one year (see line 8 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. Telefile worksheet, item C.

2 Total Gross Dividends

Enter your total gross 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;

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

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

◗ Interest or dividends from a mutual fund, if such distributions are not included in line 1 or 2. See line 7.

4 Total Interest and Dividends

Add lines 1, 2 and 3.

Lines 5 through 7

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

5 Capital Gain Distributions

Enter 100% of capital gain distributions from U.S. Schedule B, Part II, line 7. These are taxed as capital gains in Massachusetts and the total must be included in Mass. Schedule D, line 1. If not filing U.S. Schedule D, also enter this amount in Massachusetts Schedule D, line 1.

6 Total Interest from Massachusetts Banks

Enter the total interest included in Form 1, line 5a only if it has been included in lines 1 or 3 of this schedule.

7 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 organizations 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.

Do not enter in line 7 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.

8 Subtotal Interest and Dividend Income

Subtract the total of lines 5, 6 and 7 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; 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; or excess exemptions, omit lines 9–20. Enter the amount from line 8 in line 21 of Schedule B and on Form 1, line 21a.

Part 2. Short-Term Capital Gains and Losses and Long-Term Gains on Collectibles

If there are any differences between U.S. and Mass. amounts reported in lines 9, 10, 11 and 16, be sure to enter the Mass. amount and attach a statement that includes the line item 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;

◗ 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 1996 Massachusetts Income Taxes*.

9 Short-Term Capital Gains

Enter the net short-term capital gain from U.S. Schedule D, line 7, column (g).

10 Long-Term Capital Gains on Collectibles

Enter the amount of long-term capital gains on collectibles from Mass. Schedule D, line 5.

11 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 Gross Short-Term Capital Gains and Long-Term Capital Gains on Collectibles

Add lines 8, 9, 10 and 11.

13 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. See the instructions for Mass. Schedule C-2.

14 Subtotal Short-Term Capital Gains and Long-Term Capital Gains on Collectibles

Subtract line 13 from line 12.

15 Short-Term Capital Losses

Enter the net short-term capital loss from U.S. Schedule D, line 7, column (f) — add to this figure as a positive amount any U.S. capital loss carryover claimed in U.S. line 6.

16 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.

17 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 1995 Mass. Schedule D, line 11, column a.

18 Net Short-Term Capital Gains and Long-Term Capital Gains on Collectibles

Combine lines 14, 15, 16 and 17. If the total is a loss, omit lines 19 and 20. Enter "0" in line 21 and enter the amount from line 18 in line 22. If the total is a positive amount, go to line 19.

19 Long-Term Net Collectible Gain Deduction

If there is no entry in line 10, enter "0." If line 10 shows a gain, enter 50% of line 10 less 50% of the losses in lines 15, 16 and 17, but not less than "0." See example below.

20 Excess Exemptions

Enter the amount from item G of the Excess Exemption Worksheet on page 13 of the instructions.

21 Total Gross 12% Interest, Dividends and Certain Capital Gains and Losses

Subtract lines 19 and 20 from line 18. Do not enter less than "0." Enter the result here and on Form 1, line 21a.

22 Available Short-Term Losses for Carryover in 1997

Enter the amount from line 18 only if it is a loss.

Line 19 Example

Jack has a long-term capital gain on collectibles of $1,000 entered in line 10 and line 14. He does not have any other 12% interest and dividend income. Jack also has a short-term capital loss of $100 entered in line 15 and a prior year short-term unused loss of $200 entered in line 17.

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

15	Short-term capital losses (from U.S. Schedule D, line 7, column (f))	15	X	100.00
16	Loss on the sale, exchange or involuntary conversion of property used in a trade or business and held for less than one year (from U.S. Form 4797)	16	X	
17	Prior short-term unused losses for years beginning after 1981 (from 1995 Massachusetts Schedule D, line 11, col. a)	17	X	200.00
18	Combine lines 14, 15, 16 and 17. If the total is a loss, omit lines 19 and 20. Enter "0" on line 21 and enter the amount from line 18 in line 22. If a positive amount, go to line 19	18	X	700.00
19	Long-term net collectible gain deduction. If there is no entry in line 10, enter "0." If line 10 shows a gain, enter 50% of line 10 less 50% of losses in lines 15, 16 and 17, but not less than "0".	19		350.00

Jack enters $350 in line 19: ***$500 (50% of $1,000) – $150 (50% of $300) = $350***

Schedule B-1

Long-Term Capital Gains Tax Credit Applied to 12% Income

Complete only if Schedule B, line 21 is a positive amount and Schedule D, line 10 is a loss.

1 Available Long-Term Capital Gains Tax Credit

Enter the amount from Schedule D, line 11 as a positive amount.

2 12% Capital Gains

Enter the total of Schedule B, lines 9, 10, 11, 15, 16 and 17. This is your net short-term capital gains or losses plus long-term gains on collectibles amount. If this amount is "0" or less, you are not eligible for this credit. Omit lines 3–10 and enter "0" in line 11. If line 2 is a gain, complete lines 3–11.

3 12% Tax

Multiply Schedule B, line 21 by .12 (12%) and enter the result here. This is the amount of tax on your total gross interest, dividend and certain capital gains or losses.

4 12% Tax Attributable to Interest and Dividends

Multiply Schedule B, line 8 by .12 (12%) and enter the result here. This is the amount of tax attributable to your interest and dividend income before any deductions.

5 12% Tax Attributable to Capital Gains

Subtract line 4 from line 3 and enter the result here. This is the amount of 12% tax attributable to capital gains.

6 Percentage of 12% Tax Attributable to Interest and Dividends

Divide line 4 by line 3. This is the percentage of 12% tax attributable to interest and dividends.

7 Excess Exemptions Applied Against Interest and Dividends

Multiply Schedule B, line 20 (amount of excess exemptions) by line 6 above.

8 Amount of 12% Tax Reduced by Excess Exemptions Applied Against Interest and Dividends

Multiply line 7 by .12 (12%). This is the amount of 12% tax reduced by excess exemptions applied against interest and dividends.

9 Excess Deductions Applied Against 12% Interest and Dividends

Multiply the smaller of Schedule C-2, line 7 or line 10 by .12 (12%). This is the amount of 12% tax attributable to excess deductions applied against 12% interest and dividends effectively connected with trade or business income.

10 12% Tax Attributable to Capital Gains After Adjustments

Add lines 5, 8 and 9. This is the total of 12% tax attributable to capital gains, excess exemptions and excess deductions applied against 12% trade or business income.

11 Long-Term Capital Gains Tax Credit Applied Against 12% Income

Enter the smaller of line 1, line 3 or line 10 here and on Schedule D, line 12 and on Form 1, line 26. Be sure to fill in the appropriate oval.

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

You must complete Mass. Schedule D if you had a long-term gain or loss 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, if you had capital gain distributions. 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 the 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 the sale or exchange. Holding periods will be deemed to begin on January 1, 1995 or the date of acquisition, whichever is later.

"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, (2) property held in a trade or business within the meaning of IRC section 1231(b) without regard to the holding period set out in said section 1231(b) or (3) property that is subject to compulsory or involuntary conversions within the meaning of IRC section 1231(a) without regard to the federal holding periods prescribed in those sections.

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

- Carryover losses must first be used to reduce current year capital gains;
- 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
- Any gain realized from the sale of publicly traded securities where the proceeds were used to buy stock or a partnership interest in a specialized small business investment company if such gain was deferred for U.S. income tax purposes.

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

Sale of a Principal Residence

If you are entitled to such an exclusion from your federal gross income, Massachusetts allows a one-time exclusion of $125,000 on the sale of your principal residence for taxpayers who are age 55 or over at the date of sale. The replacement period for gain deferral is 24 months. Enclose a copy of U.S. Form 2119.

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. 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) 621-5249.

1 Net Gains or Losses

Enter the net long-term gain or loss from U.S. Schedule D, line 17 — add to this figure, as a positive amount, any capital loss carryover claimed in U.S. line 15.

NOTE: U.S. Schedule D, line 15 represents any unused capital loss carryover. Massachusetts law does not recognize this loss carryover. However, see the Massachusetts unused capital loss carryover in Mass. Schedule D, line 7.

If you are not filing U.S. Schedule D, report 100% of capital gain distributions in line 1.

2 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 more than one year, not included in line 1. Be sure to enclose U.S. Form 4797 with your return.

3 Subtotal Long-Term Capital Gains or Losses

Combine line 1 and line 2.

4 Differences

Enter any differences between the gains or losses reportable for Massachusetts tax purposes and the U.S. gains or losses reported in Mass. Schedule D, line 1. Differences include:

- Net gains or losses taxed to a Massachusetts estate or trust. Enter in line 4 only 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 1;

NOTE: Do not enter gains or losses from any grantor-type trust or from an estate or trust that is not subject to taxation in 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. For more information regarding basis adjustment rules, you may get a copy of the *Guide to Filing Your 1996 Massachusetts Income Taxes* by calling (617) 887-MDOR.

Any entry in line 4 must be clearly explained in an enclosed statement.

5 Long-Term Gains on Collectibles

Enter here the amount of long-term gains on collectibles that are included in line 1. These are taxed at the 12% rate and should be entered on Schedule B, line 10.

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, alcoholic beverages, certain coins, and any other items treated as collectibles for federal tax purposes.

6 Subtotal

Exclude/subtract the total of line 4 and line 5 from line 3. If the total of lines 4 and 5 is a loss, add loss as a positive number to the amount recorded in line 3. The following examples demonstrate the arithmetic involved:

Sch D Line	Example A	Example B	Example C	Example D
3	$1,000	$1,000	$700*	$700*
4	500	300*	500	500*
5	300	1,700	300	300
6	200	400*	1,500*	500*

*denotes loss

7 Prior Years Long-Term Unused Losses

You may use losses accumulated in the previous taxable years beginning after 1981 in the computation of long-term gain or loss for the current year. You should enter your long-term losses for 1982 through 1995 in line 7 from your 1995 Massachusetts Schedule D, line 11, column b.

NOTE: A new resident of Massachusetts who has unused losses from years when he/she was not subject to Massachusetts taxation may not use such losses.

8 1996 Adjusted Gross Long-Term Capital Gains, Before Excess Exemptions

Combine lines 6 and 7 and enter total here.

9 Excess Exemptions

Enter in line 9 the amount from item J of the Excess Exemption Worksheet on page 13 of the instructions.

10 1996 Adjusted Long-Term Capital Gains and Losses

Subtract line 9 from line 8. If the result is a positive amount, enter on Form 1, line 22a; if a negative, complete lines 11–13.

11 Long-Term Capital Gains Tax Credit Available

If line 10 is a loss, multiply line 10 by .05 (5%) and enter the result here and as a positive amount in Schedule B-1, line 1.

12 Current Year Long-Term Capital Gains Tax Credit

Enter the amount from Schedule B-1, line 11, if applicable; otherwise enter "0."

13 Long-Term Capital Gains Tax Credit Available for Carryover in 1997

Combine line 11 and line 12.

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, attach a copy of U.S. Form 8829.

Massachusetts Differences

Massachusetts personal income tax law references the Internal Revenue Code (IRC) of January 1, 1988. Massachusetts does not adopt federal tax law changes enacted after that date. Some of these changes include: increased Sec. 179 expensing allowance; new rules for amortization of goodwill and other intangibles; increased recovery period for depreciation of non-residential real property; reduced business meals and entertainment deduction; elimination of the business deductions for club dues and spousal travel expenses; new rules for passive activity losses; and exclusion of income from the discharge of qualified real property business indebtedness. For further information on any of these topics, refer to *Guide to Filing Your 1996 Massachusetts Income Taxes*.

Also, as a result of differences in U.S. and Massachusetts rules in 1987, the calculations you made for passive losses, depreciation, home office expenses, Section 179 expenses or at-risk losses on your 1987 U.S. and Massachusetts returns may have differed. Differences in 1987 and 1996 amounts reported for U.S. and Massachusetts tax purposes should be adjusted for when the property is disposed of or the deduction is used up. For more information, see *Guide to Filing Your 1996 Massachusetts Income Taxes*.

If your business deductions, excluding the Abandoned Building Renovation Deduction, exceed Schedule C income and any other income taxable at the 5.95% rate, such excess deductions may be subtracted from the 12% income that is effectively connected with the active conduct of your trade or business and any 12% income allowed under IRC Section 469(d)(1)(B) to offset losses from passive activities. To compute the excess trade or business deductions use Mass. Schedule C-2. This form is available at any Department of Revenue location, or you may have one mailed to you by calling (617) 887-MDOR.

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.

Address

Enter your business address. Show a street address instead of a box number. Include the suite or room number, if any.

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.

Principal Business Code

Enter the four-digit principal business or professional activity code that you entered on your U.S. Schedule C.

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 1996, 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 1996. 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 is classified as taxable at the 12% rate, 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 12% 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, 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.

1b Returns and Allowances

In the boxes provided for line 1b, enter such items as returned sales, rebates and allowances from the sales price.

4 Other Income

If you received bartering income, you must report the fair market value of goods or services received in payment for your goods and services in line 4. Do not include interest and dividends taxed at 12% here (see line 32).

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

For federal tax purposes the Section 179 expensing allowance of $10,000 has been increased to $17,500 for property placed in service in tax years after 1992. For Massachusetts purposes, Section 179 expense deductions are capped at $10,000 for 1996. Under a federal provision the recovery period for the depreciation of nonresidential real property is increased to 39 years for qualifying property placed in service on or after May 14, 1993. For Massachusetts purposes the recovery period will remain at 31.5 years.

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 have generally been disallowed as a business deduction on the federal level. For Massachusetts purposes, these expenses will continue to be allowed.

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) directly 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 no longer allowed as a business deduction for federal tax purposes. For Massachusetts purposes, these expenses will continue to be allowed.

Line 23b. Generally, you may deduct only 80% 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 80% limit. Then, enter 20% 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.

25 Wages

Enter the total salaries and wages paid or incurred for the tax year. Do not include salaries and wages deducted elsewhere on your return or amounts paid to yourself.

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 further information, contact the Massachusetts Office of Business Development, One Ashburton Place, Room 2101, Boston, MA 02108.

In line 30 enter 10% of the costs of renovating a qualifying abandoned building. Attach 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, line 6 **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 attach 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 attach 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 zero or less, enter zero in line 31.

1996 Massachusetts Income Tax Table at the **5.95% Rate**

Use this table to calculate tax for taxable 5.95% income (line 19) of not more than $80,000.

Line 20 Instructions: To find your **Tax on 5.95% Income** (line 20), read down the tax table income column to the line containing the amount you entered in line 19. Then read across to the **TAX** column and enter this amount in line 20. If your taxable 5.95% income in line 19 is greater than $80,000, multiply the amount by .0595. Enter the result in line 20.

INCOME		
More than	But not more than	TAX
$ 1	$ 50	$ 1
50	100	4
100	150	7
150	200	10
200	250	13
250	300	16
300	350	19
350	400	22
400	450	25
450	500	28
500	550	31
550	600	34
600	650	37
650	700	40
700	750	43
750	800	46
800	850	49
850	900	52
900	950	55
950	1,000	58
1,000	1,050	61
1,050	1,100	64
1,100	1,150	67
1,150	1,200	70
1,200	1,250	73
1,250	1,300	76
1,300	1,350	79
1,350	1,400	82
1,400	1,450	85
1,450	1,500	88
1,500	1,550	91
1,550	1,600	94
1,600	1,650	97
1,650	1,700	100
1,700	1,750	103
1,750	1,800	106
1,800	1,850	109
1,850	1,900	112
1,900	1,950	115
1,950	2,000	118
2,000	2,050	120
2,050	2,100	123
2,100	2,150	126
2,150	2,200	129
2,200	2,250	132
2,250	2,300	135
2,300	2,350	138
2,350	2,400	141
2,400	2,450	144
2,450	2,500	147
2,500	2,550	150
2,550	2,600	153
2,600	2,650	156
2,650	2,700	159
2,700	2,750	162
2,750	2,800	165
2,800	2,850	168
2,850	2,900	171
2,900	2,950	174
2,950	3,000	177
3,000	3,050	180
3,050	3,100	183
3,100	3,150	186
3,150	3,200	189
3,200	3,250	192
3,250	3,300	195
3,300	3,350	198
3,350	3,400	201
3,400	3,450	204
3,450	3,500	207
3,500	3,550	210
3,550	3,600	213
3,600	3,650	216
3,650	3,700	219
3,700	3,750	222
3,750	3,800	225
3,800	3,850	228
3,850	3,900	231
3,900	3,950	234
3,950	4,000	237

INCOME		
More than	But not more than	TAX
$ 4,000	$ 4,050	$ 239
4,050	4,100	242
4,100	4,150	245
4,150	4,200	248
4,200	4,250	251
4,250	4,300	254
4,300	4,350	257
4,350	4,400	260
4,400	4,450	263
4,450	4,500	266
4,500	4,550	269
4,550	4,600	272
4,600	4,650	275
4,650	4,700	278
4,700	4,750	281
4,750	4,800	284
4,800	4,850	287
4,850	4,900	290
4,900	4,950	293
4,950	5,000	296
5,000	5,050	299
5,050	5,100	302
5,100	5,150	305
5,150	5,200	308
5,200	5,250	311
5,250	5,300	314
5,300	5,350	317
5,350	5,400	320
5,400	5,450	323
5,450	5,500	326
5,500	5,550	329
5,550	5,600	332
5,600	5,650	335
5,650	5,700	338
5,700	5,750	341
5,750	5,800	344
5,800	5,850	347
5,850	5,900	350
5,900	5,950	353
5,950	6,000	356
6,000	6,050	358
6,050	6,100	361
6,100	6,150	364
6,150	6,200	367
6,200	6,250	370
6,250	6,300	373
6,300	6,350	376
6,350	6,400	379
6,400	6,450	382
6,450	6,500	385
6,500	6,550	388
6,550	6,600	391
6,600	6,650	394
6,650	6,700	397
6,700	6,750	400
6,750	6,800	403
6,800	6,850	406
6,850	6,900	409
6,900	6,950	412
6,950	7,000	415
7,000	7,050	418
7,050	7,100	421
7,100	7,150	424
7,150	7,200	427
7,200	7,250	430
7,250	7,300	433
7,300	7,350	436
7,350	7,400	439
7,400	7,450	442
7,450	7,500	445
7,500	7,550	448
7,550	7,600	451
7,600	7,650	454
7,650	7,700	457
7,700	7,750	460
7,750	7,800	463
7,800	7,850	466
7,850	7,900	469
7,900	7,950	472
7,950	8,000	475

INCOME		
More than	But not more than	TAX
$ 8,000	$ 8,050	$ 477
8,050	8,100	480
8,100	8,150	483
8,150	8,200	486
8,200	8,250	489
8,250	8,300	492
8,300	8,350	495
8,350	8,400	498
8,400	8,450	501
8,450	8,500	504
8,500	8,550	507
8,550	8,600	510
8,600	8,650	513
8,650	8,700	516
8,700	8,750	519
8,750	8,800	522
8,800	8,850	525
8,850	8,900	528
8,900	8,950	531
8,950	9,000	534
9,000	9,050	537
9,050	9,100	540
9,100	9,150	543
9,150	9,200	546
9,200	9,250	549
9,250	9,300	552
9,300	9,350	555
9,350	9,400	558
9,400	9,450	561
9,450	9,500	564
9,500	9,550	567
9,550	9,600	570
9,600	9,650	573
9,650	9,700	576
9,700	9,750	579
9,750	9,800	582
9,800	9,850	585
9,850	9,900	588
9,900	9,950	591
9,950	10,000	594
10,000	10,050	596
10,050	10,100	599
10,100	10,150	602
10,150	10,200	605
10,200	10,250	608
10,250	10,300	611
10,300	10,350	614
10,350	10,400	617
10,400	10,450	620
10,450	10,500	623
10,500	10,550	626
10,550	10,600	629
10,600	10,650	632
10,650	10,700	635
10,700	10,750	638
10,750	10,800	641
10,800	10,850	644
10,850	10,900	647
10,900	10,950	650
10,950	11,000	653
11,000	11,050	656
11,050	11,100	659
11,100	11,150	662
11,150	11,200	665
11,200	11,250	668
11,250	11,300	671
11,300	11,350	674
11,350	11,400	677
11,400	11,450	680
11,450	11,500	683
11,500	11,550	686
11,550	11,600	689
11,600	11,650	692
11,650	11,700	695
11,700	11,750	698
11,750	11,800	701
11,800	11,850	704
11,850	11,900	707
11,900	11,950	710
11,950	12,000	713

INCOME		
More than	But not more than	TAX
$12,000	$12,050	$ 715
12,050	12,100	718
12,100	12,150	721
12,150	12,200	724
12,200	12,250	727
12,250	12,300	730
12,300	12,350	733
12,350	12,400	736
12,400	12,450	739
12,450	12,500	742
12,500	12,550	745
12,550	12,600	748
12,600	12,650	751
12,650	12,700	754
12,700	12,750	757
12,750	12,800	760
12,800	12,850	763
12,850	12,900	766
12,900	12,950	769
12,950	13,000	772
13,000	13,050	775
13,050	13,100	778
13,100	13,150	781
13,150	13,200	784
13,200	13,250	787
13,250	13,300	790
13,300	13,350	793
13,350	13,400	796
13,400	13,450	799
13,450	13,500	802
13,500	13,550	805
13,550	13,600	808
13,600	13,650	811
13,650	13,700	814
13,700	13,750	817
13,750	13,800	820
13,800	13,850	823
13,850	13,900	826
13,900	13,950	829
13,950	14,000	832
14,000	14,050	834
14,050	14,100	837
14,100	14,150	840
14,150	14,200	843
14,200	14,250	846
14,250	14,300	849
14,300	14,350	852
14,350	14,400	855
14,400	14,450	858
14,450	14,500	861
14,500	14,550	864
14,550	14,600	867
14,600	14,650	870
14,650	14,700	873
14,700	14,750	876
14,750	14,800	879
14,800	14,850	882
14,850	14,900	885
14,900	14,950	888
14,950	15,000	891
15,000	15,050	894
15,050	15,100	897
15,100	15,150	900
15,150	15,200	903
15,200	15,250	906
15,250	15,300	909
15,300	15,350	912
15,350	15,400	915
15,400	15,450	918
15,450	15,500	921
15,500	15,550	924
15,550	15,600	927
15,600	15,650	930
15,650	15,700	933
15,700	15,750	936
15,750	15,800	939
15,800	15,850	942
15,850	15,900	945
15,900	15,950	948
15,950	16,000	951

INCOME		
More than	But not more than	TAX
$16,000	$16,050	$ 953
16,050	16,100	956
16,100	16,150	959
16,150	16,200	962
16,200	16,250	965
16,250	16,300	968
16,300	16,350	971
16,350	16,400	974
16,400	16,450	977
16,450	16,500	980
16,500	16,550	983
16,550	16,600	986
16,600	16,650	989
16,650	16,700	992
16,700	16,750	995
16,750	16,800	998
16,800	16,850	1,001
16,850	16,900	1,004
16,900	16,950	1,007
16,950	17,000	1,010
17,000	17,050	1,013
17,050	17,100	1,016
17,100	17,150	1,019
17,150	17,200	1,022
17,200	17,250	1,025
17,250	17,300	1,028
17,300	17,350	1,031
17,350	17,400	1,034
17,400	17,450	1,037
17,450	17,500	1,040
17,500	17,550	1,043
17,550	17,600	1,046
17,600	17,650	1,049
17,650	17,700	1,052
17,700	17,750	1,055
17,750	17,800	1,058
17,800	17,850	1,061
17,850	17,900	1,064
17,900	17,950	1,067
17,950	18,000	1,070
18,000	18,050	1,072
18,050	18,100	1,075
18,100	18,150	1,078
18,150	18,200	1,081
18,200	18,250	1,084
18,250	18,300	1,087
18,300	18,350	1,090
18,350	18,400	1,093
18,400	18,450	1,096
18,450	18,500	1,099
18,500	18,550	1,102
18,550	18,600	1,105
18,600	18,650	1,108
18,650	18,700	1,111
18,700	18,750	1,114
18,750	18,800	1,117
18,800	18,850	1,120
18,850	18,900	1,123
18,900	18,950	1,126
18,950	19,000	1,129
19,000	19,050	1,132
19,050	19,100	1,135
19,100	19,150	1,138
19,150	19,200	1,141
19,200	19,250	1,144
19,250	19,300	1,147
19,300	19,350	1,150
19,350	19,400	1,153
19,400	19,450	1,156
19,450	19,500	1,159
19,500	19,550	1,162
19,550	19,600	1,165
19,600	19,650	1,168
19,650	19,700	1,171
19,700	19,750	1,174
19,750	19,800	1,177
19,800	19,850	1,180
19,850	19,900	1,183
19,900	19,950	1,186
19,950	20,000	1,189

INCOME		
More than	But not more than	TAX
$20,000	$20,050	$1,191
20,050	20,100	1,194
20,100	20,150	1,197
20,150	20,200	1,200
20,200	20,250	1,203
20,250	20,300	1,206
20,300	20,350	1,209
20,350	20,400	1,212
20,400	20,450	1,215
20,450	20,500	1,218
20,500	20,550	1,221
20,550	20,600	1,224
20,600	20,650	1,227
20,650	20,700	1,230
20,700	20,750	1,233
20,750	20,800	1,236
20,800	20,850	1,239
20,850	20,900	1,242
20,900	20,950	1,245
20,950	21,000	1,248
21,000	21,050	1,251
21,050	21,100	1,254
21,100	21,150	1,257
21,150	21,200	1,260
21,200	21,250	1,263
21,250	21,300	1,266
21,300	21,350	1,269
21,350	21,400	1,272
21,400	21,450	1,275
21,450	21,500	1,278
21,500	21,550	1,281
21,550	21,600	1,284
21,600	21,650	1,287
21,650	21,700	1,290
21,700	21,750	1,293
21,750	21,800	1,296
21,800	21,850	1,299
21,850	21,900	1,302
21,900	21,950	1,305
21,950	22,000	1,308
22,000	22,050	1,310
22,050	22,100	1,313
22,100	22,150	1,316
22,150	22,200	1,319
22,200	22,250	1,322
22,250	22,300	1,325
22,300	22,350	1,328
22,350	22,400	1,331
22,400	22,450	1,334
22,450	22,500	1,337
22,500	22,550	1,340
22,550	22,600	1,343
22,600	22,650	1,346
22,650	22,700	1,349
22,700	22,750	1,352
22,750	22,800	1,355
22,800	22,850	1,358
22,850	22,900	1,361
22,900	22,950	1,364
22,950	23,000	1,367
23,000	23,050	1,370
23,050	23,100	1,373
23,100	23,150	1,376
23,150	23,200	1,379
23,200	23,250	1,382
23,250	23,300	1,385
23,300	23,350	1,388
23,350	23,400	1,391
23,400	23,450	1,394
23,450	23,500	1,397
23,500	23,550	1,400
23,550	23,600	1,403
23,600	23,650	1,406
23,650	23,700	1,409
23,700	23,750	1,412
23,750	23,800	1,415
23,800	23,850	1,418
23,850	23,900	1,421
23,900	23,950	1,424
23,950	24,000	1,427

If your 5.95% income for the Tax Table is less than $9, your tax is “0.”

1996 Massachusetts Income Tax Table at the **5.95% Rate**

INCOME		
More than	But not more than	TAX
$24,000 –	$24,050	**$1,429**
24,050 –	24,100	**1,432**
24,100 –	24,150	**1,435**
24,150 –	24,200	**1,438**
24,200 –	24,250	**1,441**
24,250 –	24,300	**1,444**
24,300 –	24,350	**1,447**
24,350 –	24,400	**1,450**
24,400 –	24,450	**1,453**
24,450 –	24,500	**1,456**
24,500 –	24,550	**1,459**
24,550 –	24,600	**1,462**
24,600 –	24,650	**1,465**
24,650 –	24,700	**1,468**
24,700 –	24,750	**1,471**
24,750 –	24,800	**1,474**
24,800 –	24,850	**1,477**
24,850 –	24,900	**1,480**
24,900 –	24,950	**1,483**
24,950 –	25,000	**1,486**
25,000 –	25,050	**1,489**
25,050 –	25,100	**1,492**
25,100 –	25,150	**1,495**
25,150 –	25,200	**1,498**
25,200 –	25,250	**1,501**
25,250 –	25,300	**1,504**
25,300 –	25,350	**1,507**
25,350 –	25,400	**1,510**
25,400 –	25,450	**1,513**
25,450 –	25,500	**1,516**
25,500 –	25,550	**1,519**
25,550 –	25,600	**1,522**
25,600 –	25,650	**1,525**
25,650 –	25,700	**1,528**
25,700 –	25,750	**1,531**
25,750 –	25,800	**1,534**
25,800 –	25,850	**1,537**
25,850 –	25,900	**1,540**
25,900 –	25,950	**1,543**
25,950 –	26,000	**1,546**
26,000 –	26,050	**1,548**
26,050 –	26,100	**1,551**
26,100 –	26,150	**1,554**
26,150 –	26,200	**1,557**
26,200 –	26,250	**1,560**
26,250 –	26,300	**1,563**
26,300 –	26,350	**1,566**
26,350 –	26,400	**1,569**
26,400 –	26,450	**1,572**
26,450 –	26,500	**1,575**
26,500 –	26,550	**1,578**
26,550 –	26,600	**1,581**
26,600 –	26,650	**1,584**
26,650 –	26,700	**1,587**
26,700 –	26,750	**1,590**
26,750 –	26,800	**1,593**
26,800 –	26,850	**1,596**
26,850 –	26,900	**1,599**
26,900 –	26,950	**1,602**
26,950 –	27,000	**1,605**
27,000 –	27,050	**1,608**
27,050 –	27,100	**1,611**
27,100 –	27,150	**1,614**
27,150 –	27,200	**1,617**
27,200 –	27,250	**1,620**
27,250 –	27,300	**1,623**
27,300 –	27,350	**1,626**
27,350 –	27,400	**1,629**
27,400 –	27,450	**1,632**
27,450 –	27,500	**1,635**
27,500 –	27,550	**1,638**
27,550 –	27,600	**1,641**
27,600 –	27,650	**1,644**
27,650 –	27,700	**1,647**
27,700 –	27,750	**1,650**
27,750 –	27,800	**1,653**
27,800 –	27,850	**1,656**
27,850 –	27,900	**1,659**
27,900 –	27,950	**1,662**
27,950 –	28,000	**1,665**
28,000 –	28,050	**1,667**
28,050 –	28,100	**1,670**
28,100 –	28,150	**1,673**
28,150 –	28,200	**1,676**
28,200 –	28,250	**1,679**
28,250 –	28,300	**1,682**
28,300 –	28,350	**1,685**
28,350 –	28,400	**1,688**
28,400 –	28,450	**1,691**
28,450 –	28,500	**1,694**
28,500 –	28,550	**1,697**
28,550 –	28,600	**1,700**
28,600 –	28,650	**1,703**
28,650 –	28,700	**1,706**
28,700 –	28,750	**1,709**

INCOME		
More than	But not more than	TAX
$28,750 –	$28,800	**$1,712**
28,800 –	28,850	**1,715**
28,850 –	28,900	**1,718**
28,900 –	28,950	**1,721**
28,950 –	29,000	**1,724**
29,000 –	29,050	**1,727**
29,050 –	29,100	**1,730**
29,100 –	29,150	**1,733**
29,150 –	29,200	**1,736**
29,200 –	29,250	**1,739**
29,250 –	29,300	**1,742**
29,300 –	29,350	**1,745**
29,350 –	29,400	**1,748**
29,400 –	29,450	**1,751**
29,450 –	29,500	**1,754**
29,500 –	29,550	**1,757**
29,550 –	29,600	**1,760**
29,600 –	29,650	**1,763**
29,650 –	29,700	**1,766**
29,700 –	29,750	**1,769**
29,750 –	29,800	**1,772**
29,800 –	29,850	**1,775**
29,850 –	29,900	**1,778**
29,900 –	29,950	**1,781**
29,950 –	30,000	**1,784**
30,000 –	30,050	**1,786**
30,050 –	30,100	**1,789**
30,100 –	30,150	**1,792**
30,150 –	30,200	**1,795**
30,200 –	30,250	**1,798**
30,250 –	30,300	**1,801**
30,300 –	30,350	**1,804**
30,350 –	30,400	**1,807**
30,400 –	30,450	**1,810**
30,450 –	30,500	**1,813**
30,500 –	30,550	**1,816**
30,550 –	30,600	**1,819**
30,600 –	30,650	**1,822**
30,650 –	30,700	**1,825**
30,700 –	30,750	**1,828**
30,750 –	30,800	**1,831**
30,800 –	30,850	**1,834**
30,850 –	30,900	**1,837**
30,900 –	30,950	**1,840**
30,950 –	31,000	**1,843**
31,000 –	31,050	**1,846**
31,050 –	31,100	**1,849**
31,100 –	31,150	**1,852**
31,150 –	31,200	**1,855**
31,200 –	31,250	**1,858**
31,250 –	31,300	**1,861**
31,300 –	31,350	**1,864**
31,350 –	31,400	**1,867**
31,400 –	31,450	**1,870**
31,450 –	31,500	**1,873**
31,500 –	31,550	**1,876**
31,550 –	31,600	**1,879**
31,600 –	31,650	**1,882**
31,650 –	31,700	**1,885**
31,700 –	31,750	**1,888**
31,750 –	31,800	**1,891**
31,800 –	31,850	**1,894**
31,850 –	31,900	**1,897**
31,900 –	31,950	**1,900**
31,950 –	32,000	**1,903**
32,000 –	32,050	**1,905**
32,050 –	32,100	**1,908**
32,100 –	32,150	**1,911**
32,150 –	32,200	**1,914**
32,200 –	32,250	**1,917**
32,250 –	32,300	**1,920**
32,300 –	32,350	**1,923**
32,350 –	32,400	**1,926**
32,400 –	32,450	**1,929**
32,450 –	32,500	**1,932**
32,500 –	32,550	**1,935**
32,550 –	32,600	**1,938**
32,600 –	32,650	**1,941**
32,650 –	32,700	**1,944**
32,700 –	32,750	**1,947**
32,750 –	32,800	**1,950**
32,800 –	32,850	**1,953**
32,850 –	32,900	**1,956**
32,900 –	32,950	**1,959**
32,950 –	33,000	**1,962**
33,000 –	33,050	**1,965**
33,050 –	33,100	**1,968**
33,100 –	33,150	**1,971**
33,150 –	33,200	**1,974**
33,200 –	33,250	**1,977**
33,250 –	33,300	**1,980**
33,300 –	33,350	**1,983**
33,350 –	33,400	**1,986**
33,400 –	33,450	**1,989**
33,450 –	33,500	**1,992**

INCOME		
More than	But not more than	TAX
$33,500 –	$33,550	**$1,995**
33,550 –	33,600	**1,998**
33,600 –	33,650	**2,001**
33,650 –	33,700	**2,004**
33,700 –	33,750	**2,007**
33,750 –	33,800	**2,010**
33,800 –	33,850	**2,013**
33,850 –	33,900	**2,016**
33,900 –	33,950	**2,019**
33,950 –	34,000	**2,022**
34,000 –	34,050	**2,024**
34,050 –	34,100	**2,027**
34,100 –	34,150	**2,030**
34,150 –	34,200	**2,033**
34,200 –	34,250	**2,036**
34,250 –	34,300	**2,039**
34,300 –	34,350	**2,042**
34,350 –	34,400	**2,045**
34,400 –	34,450	**2,048**
34,450 –	34,500	**2,051**
34,500 –	34,550	**2,054**
34,550 –	34,600	**2,057**
34,600 –	34,650	**2,060**
34,650 –	34,700	**2,063**
34,700 –	34,750	**2,066**
34,750 –	34,800	**2,069**
34,800 –	34,850	**2,072**
34,850 –	34,900	**2,075**
34,900 –	34,950	**2,078**
34,950 –	35,000	**2,081**
35,000 –	35,050	**2,084**
35,050 –	35,100	**2,087**
35,100 –	35,150	**2,090**
35,150 –	35,200	**2,093**
35,200 –	35,250	**2,096**
35,250 –	35,300	**2,099**
35,300 –	35,350	**2,102**
35,350 –	35,400	**2,105**
35,400 –	35,450	**2,108**
35,450 –	35,500	**2,111**
35,500 –	35,550	**2,114**
35,550 –	35,600	**2,117**
35,600 –	35,650	**2,120**
35,650 –	35,700	**2,123**
35,700 –	35,750	**2,126**
35,750 –	35,800	**2,129**
35,800 –	35,850	**2,132**
35,850 –	35,900	**2,135**
35,900 –	35,950	**2,138**
35,950 –	36,000	**2,141**
36,000 –	36,050	**2,143**
36,050 –	36,100	**2,146**
36,100 –	36,150	**2,149**
36,150 –	36,200	**2,152**
36,200 –	36,250	**2,155**
36,250 –	36,300	**2,158**
36,300 –	36,350	**2,161**
36,350 –	36,400	**2,164**
36,400 –	36,450	**2,167**
36,450 –	36,500	**2,170**
36,500 –	36,550	**2,173**
36,550 –	36,600	**2,176**
36,600 –	36,650	**2,179**
36,650 –	36,700	**2,182**
36,700 –	36,750	**2,185**
36,750 –	36,800	**2,188**
36,800 –	36,850	**2,191**
36,850 –	36,900	**2,194**
36,900 –	36,950	**2,197**
36,950 –	37,000	**2,200**
37,000 –	37,050	**2,203**
37,050 –	37,100	**2,206**
37,100 –	37,150	**2,209**
37,150 –	37,200	**2,212**
37,200 –	37,250	**2,215**
37,250 –	37,300	**2,218**
37,300 –	37,350	**2,221**
37,350 –	37,400	**2,224**
37,400 –	37,450	**2,227**
37,450 –	37,500	**2,230**
37,500 –	37,550	**2,233**
37,550 –	37,600	**2,236**
37,600 –	37,650	**2,239**
37,650 –	37,700	**2,242**
37,700 –	37,750	**2,245**
37,750 –	37,800	**2,248**
37,800 –	37,850	**2,251**
37,850 –	37,900	**2,254**
37,900 –	37,950	**2,257**
37,950 –	38,000	**2,260**
38,000 –	38,050	**2,262**
38,050 –	38,100	**2,265**
38,100 –	38,150	**2,268**
38,150 –	38,200	**2,271**
38,200 –	38,250	**2,274**

INCOME		
More than	But not more than	TAX
$38,250 –	$38,300	**$2,277**
38,300 –	38,350	**2,280**
38,350 –	38,400	**2,283**
38,400 –	38,450	**2,286**
38,450 –	38,500	**2,289**
38,500 –	38,550	**2,292**
38,550 –	38,600	**2,295**
38,600 –	38,650	**2,298**
38,650 –	38,700	**2,301**
38,700 –	38,750	**2,304**
38,750 –	38,800	**2,307**
38,800 –	38,850	**2,310**
38,850 –	38,900	**2,313**
38,900 –	38,950	**2,316**
38,950 –	39,000	**2,319**
39,000 –	39,050	**2,322**
39,050 –	39,100	**2,325**
39,100 –	39,150	**2,328**
39,150 –	39,200	**2,331**
39,200 –	39,250	**2,334**
39,250 –	39,300	**2,337**
39,300 –	39,350	**2,340**
39,350 –	39,400	**2,343**
39,400 –	39,450	**2,346**
39,450 –	39,500	**2,349**
39,500 –	39,550	**2,352**
39,550 –	39,600	**2,355**
39,600 –	39,650	**2,358**
39,650 –	39,700	**2,361**
39,700 –	39,750	**2,364**
39,750 –	39,800	**2,367**
39,800 –	39,850	**2,370**
39,850 –	39,900	**2,373**
39,900 –	39,950	**2,376**
39,950 –	40,000	**2,379**
40,000 –	40,050	**2,381**
40,050 –	40,100	**2,384**
40,100 –	40,150	**2,387**
40,150 –	40,200	**2,390**
40,200 –	40,250	**2,393**
40,250 –	40,300	**2,396**
40,300 –	40,350	**2,399**
40,350 –	40,400	**2,402**
40,400 –	40,450	**2,405**
40,450 –	40,500	**2,408**
40,500 –	40,550	**2,411**
40,550 –	40,600	**2,414**
40,600 –	40,650	**2,417**
40,650 –	40,700	**2,420**
40,700 –	40,750	**2,423**
40,750 –	40,800	**2,426**
40,800 –	40,850	**2,429**
40,850 –	40,900	**2,432**
40,900 –	40,950	**2,435**
40,950 –	41,000	**2,438**
41,000 –	41,050	**2,441**
41,050 –	41,100	**2,444**
41,100 –	41,150	**2,447**
41,150 –	41,200	**2,450**
41,200 –	41,250	**2,453**
41,250 –	41,300	**2,456**
41,300 –	41,350	**2,459**
41,350 –	41,400	**2,462**
41,400 –	41,450	**2,465**
41,450 –	41,500	**2,468**
41,500 –	41,550	**2,471**
41,550 –	41,600	**2,474**
41,600 –	41,650	**2,477**
41,650 –	41,700	**2,480**
41,700 –	41,750	**2,483**
41,750 –	41,800	**2,486**
41,800 –	41,850	**2,489**
41,850 –	41,900	**2,492**
41,900 –	41,950	**2,495**
41,950 –	42,000	**2,498**
42,000 –	42,050	**2,500**
42,050 –	42,100	**2,503**
42,100 –	42,150	**2,506**
42,150 –	42,200	**2,509**
42,200 –	42,250	**2,512**
42,250 –	42,300	**2,515**
42,300 –	42,350	**2,518**
42,350 –	42,400	**2,521**
42,400 –	42,450	**2,524**
42,450 –	42,500	**2,527**
42,500 –	42,550	**2,530**
42,550 –	42,600	**2,533**
42,600 –	42,650	**2,536**
42,650 –	42,700	**2,539**
42,700 –	42,750	**2,542**
42,750 –	42,800	**2,545**
42,800 –	42,850	**2,548**
42,850 –	42,900	**2,551**
42,900 –	42,950	**2,554**
42,950 –	43,000	**2,557**

INCOME		
More than	But not more than	TAX
$43,000 –	$43,050	**$2,560**
43,050 –	43,100	**2,563**
43,100 –	43,150	**2,566**
43,150 –	43,200	**2,569**
43,200 –	43,250	**2,572**
43,250 –	43,300	**2,575**
43,300 –	43,350	**2,578**
43,350 –	43,400	**2,581**
43,400 –	43,450	**2,584**
43,450 –	43,500	**2,587**
43,500 –	43,550	**2,590**
43,550 –	43,600	**2,593**
43,600 –	43,650	**2,596**
43,650 –	43,700	**2,599**
43,700 –	43,750	**2,602**
43,750 –	43,800	**2,605**
43,800 –	43,850	**2,608**
43,850 –	43,900	**2,611**
43,900 –	43,950	**2,614**
43,950 –	44,000	**2,617**
44,000 –	44,050	**2,619**
44,050 –	44,100	**2,622**
44,100 –	44,150	**2,625**
44,150 –	44,200	**2,628**
44,200 –	44,250	**2,631**
44,250 –	44,300	**2,634**
44,300 –	44,350	**2,637**
44,350 –	44,400	**2,640**
44,400 –	44,450	**2,643**
44,450 –	44,500	**2,646**
44,500 –	44,550	**2,649**
44,550 –	44,600	**2,652**
44,600 –	44,650	**2,655**
44,650 –	44,700	**2,658**
44,700 –	44,750	**2,661**
44,750 –	44,800	**2,664**
44,800 –	44,850	**2,667**
44,850 –	44,900	**2,670**
44,900 –	44,950	**2,673**
44,950 –	45,000	**2,676**
45,000 –	45,050	**2,679**
45,050 –	45,100	**2,682**
45,100 –	45,150	**2,685**
45,150 –	45,200	**2,688**
45,200 –	45,250	**2,691**
45,250 –	45,300	**2,694**
45,300 –	45,350	**2,697**
45,350 –	45,400	**2,700**
45,400 –	45,450	**2,703**
45,450 –	45,500	**2,706**
45,500 –	45,550	**2,709**
45,550 –	45,600	**2,712**
45,600 –	45,650	**2,715**
45,650 –	45,700	**2,718**
45,700 –	45,750	**2,721**
45,750 –	45,800	**2,724**
45,800 –	45,850	**2,727**
45,850 –	45,900	**2,730**
45,900 –	45,950	**2,733**
45,950 –	46,000	**2,736**
46,000 –	46,050	**2,738**
46,050 –	46,100	**2,741**
46,100 –	46,150	**2,744**
46,150 –	46,200	**2,747**
46,200 –	46,250	**2,750**
46,250 –	46,300	**2,753**
46,300 –	46,350	**2,756**
46,350 –	46,400	**2,759**
46,400 –	46,450	**2,762**
46,450 –	46,500	**2,765**
46,500 –	46,550	**2,768**
46,550 –	46,600	**2,771**
46,600 –	46,650	**2,774**
46,650 –	46,700	**2,777**
46,700 –	46,750	**2,780**
46,750 –	46,800	**2,783**
46,800 –	46,850	**2,786**
46,850 –	46,900	**2,789**
46,900 –	46,950	**2,792**
46,950 –	47,000	**2,795**
47,000 –	47,050	**2,798**
47,050 –	47,100	**2,801**
47,100 –	47,150	**2,804**
47,150 –	47,200	**2,807**
47,200 –	47,250	**2,810**
47,250 –	47,300	**2,813**
47,300 –	47,350	**2,816**
47,350 –	47,400	**2,819**
47,400 –	47,450	**2,822**
47,450 –	47,500	**2,825**
47,500 –	47,550	**2,828**
47,550 –	47,600	**2,831**
47,600 –	47,650	**2,834**
47,650 –	47,700	**2,837**
47,700 –	47,750	**2,840**

INCOME		
More than	But not more than	TAX
$47,750 –	$47,800	**$2,843**
47,800 –	47,850	**2,846**
47,850 –	47,900	**2,849**
47,900 –	47,950	**2,852**
47,950 –	48,000	**2,855**
48,000 –	48,050	**2,857**
48,050 –	48,100	**2,860**
48,100 –	48,150	**2,863**
48,150 –	48,200	**2,866**
48,200 –	48,250	**2,869**
48,250 –	48,300	**2,872**
48,300 –	48,350	**2,875**
48,350 –	48,400	**2,878**
48,400 –	48,450	**2,881**
48,450 –	48,500	**2,884**
48,500 –	48,550	**2,887**
48,550 –	48,600	**2,890**
48,600 –	48,650	**2,893**
48,650 –	48,700	**2,896**
48,700 –	48,750	**2,899**
48,750 –	48,800	**2,902**
48,800 –	48,850	**2,905**
48,850 –	48,900	**2,908**
48,900 –	48,950	**2,911**
48,950 –	49,000	**2,914**
49,000 –	49,050	**2,917**
49,050 –	49,100	**2,920**
49,100 –	49,150	**2,923**
49,150 –	49,200	**2,926**
49,200 –	49,250	**2,929**
49,250 –	49,300	**2,932**
49,300 –	49,350	**2,935**
49,350 –	49,400	**2,938**
49,400 –	49,450	**2,941**
49,450 –	49,500	**2,944**
49,500 –	49,550	**2,947**
49,550 –	49,600	**2,950**
49,600 –	49,650	**2,953**
49,650 –	49,700	**2,956**
49,700 –	49,750	**2,959**
49,750 –	49,800	**2,962**
49,800 –	49,850	**2,965**
49,850 –	49,900	**2,968**
49,900 –	49,950	**2,971**
49,950 –	50,000	**2,974**
50,000 –	50,050	**2,976**
50,050 –	50,100	**2,979**
50,100 –	50,150	**2,982**
50,150 –	50,200	**2,985**
50,200 –	50,250	**2,988**
50,250 –	50,300	**2,991**
50,300 –	50,350	**2,994**
50,350 –	50,400	**2,997**
50,400 –	50,450	**3,000**
50,450 –	50,500	**3,003**
50,500 –	50,550	**3,006**
50,550 –	50,600	**3,009**
50,600 –	50,650	**3,012**
50,650 –	50,700	**3,015**
50,700 –	50,750	**3,018**
50,750 –	50,800	**3,021**
50,800 –	50,850	**3,024**
50,850 –	50,900	**3,027**
50,900 –	50,950	**3,030**
50,950 –	51,000	**3,033**
51,000 –	51,050	**3,036**
51,050 –	51,100	**3,039**
51,100 –	51,150	**3,042**
51,150 –	51,200	**3,045**
51,200 –	51,250	**3,048**
51,250 –	51,300	**3,051**
51,300 –	51,350	**3,054**
51,350 –	51,400	**3,057**
51,400 –	51,450	**3,060**
51,450 –	51,500	**3,063**
51,500 –	51,550	**3,066**
51,550 –	51,600	**3,069**
51,600 –	51,650	**3,072**
51,650 –	51,700	**3,075**
51,700 –	51,750	**3,078**
51,750 –	51,800	**3,081**
51,800 –	51,850	**3,084**
51,850 –	51,900	**3,087**
51,900 –	51,950	**3,090**
51,950 –	52,000	**3,093**
52,000 –	52,050	**3,095**
52,050 –	52,100	**3,098**
52,100 –	52,150	**3,101**
52,150 –	52,200	**3,104**
52,200 –	52,250	**3,107**
52,250 –	52,300	**3,110**
52,300 –	52,350	**3,113**
52,350 –	52,400	**3,116**
52,400 –	52,450	**3,119**
52,450 –	52,500	**3,122**

1996 Massachusetts Income Tax Table at the **5.95% Rate**

INCOME More than	INCOME But not more than	TAX
$52,500	$52,550	$3,125
52,550	52,600	3,128
52,600	52,650	3,131
52,650	52,700	3,134
52,700	52,750	3,137
52,750	52,800	3,140
52,800	52,850	3,143
52,850	52,900	3,146
52,900	52,950	3,149
52,950	53,000	3,152
53,000	53,050	3,155
53,050	53,100	3,158
53,100	53,150	3,161
53,150	53,200	3,164
53,200	53,250	3,167
53,250	53,300	3,170
53,300	53,350	3,173
53,350	53,400	3,176
53,400	53,450	3,179
53,450	53,500	3,182
53,500	53,550	3,185
53,550	53,600	3,188
53,600	53,650	3,191
53,650	53,700	3,194
53,700	53,750	3,197
53,750	53,800	3,200
53,800	53,850	3,203
53,850	53,900	3,206
53,900	53,950	3,209
53,950	54,000	3,212
54,000	54,050	3,214
54,050	54,100	3,217
54,100	54,150	3,220
54,150	54,200	3,223
54,200	54,250	3,226
54,250	54,300	3,229
54,300	54,350	3,232
54,350	54,400	3,235
54,400	54,450	3,238
54,450	54,500	3,241
54,500	54,550	3,244
54,550	54,600	3,247
54,600	54,650	3,250
54,650	54,700	3,253
54,700	54,750	3,256
54,750	54,800	3,259
54,800	54,850	3,262
54,850	54,900	3,265
54,900	54,950	3,268
54,950	55,000	3,271
55,000	55,050	3,274
55,050	55,100	3,277
55,100	55,150	3,280
55,150	55,200	3,283
55,200	55,250	3,286
55,250	55,300	3,289
55,300	55,350	3,292
55,350	55,400	3,295
55,400	55,450	3,298
55,450	55,500	3,301
55,500	55,550	3,304
55,550	55,600	3,307
55,600	55,650	3,310
55,650	55,700	3,313
55,700	55,750	3,316
55,750	55,800	3,319
55,800	55,850	3,322
55,850	55,900	3,325
55,900	55,950	3,328
55,950	56,000	3,331
56,000	56,050	3,333
56,050	56,100	3,336
56,100	56,150	3,339
56,150	56,200	3,342
56,200	56,250	3,345
56,250	56,300	3,348
56,300	56,350	3,351
56,350	56,400	3,354
56,400	56,450	3,357
56,450	56,500	3,360
56,500	56,550	3,363
56,550	56,600	3,366
56,600	56,650	3,369
56,650	56,700	3,372
56,700	56,750	3,375
56,750	56,800	3,378
56,800	56,850	3,381
56,850	56,900	3,384
56,900	56,950	3,387
56,950	57,000	3,390
57,000	57,050	3,393
57,050	57,100	3,396
57,100	57,150	3,399
57,150	57,200	3,402
57,200	57,250	3,405

INCOME More than	INCOME But not more than	TAX
$57,250	$57,300	$3,408
57,300	57,350	3,411
57,350	57,400	3,414
57,400	57,450	3,417
57,450	57,500	3,420
57,500	57,550	3,423
57,550	57,600	3,426
57,600	57,650	3,429
57,650	57,700	3,432
57,700	57,750	3,435
57,750	57,800	3,438
57,800	57,850	3,441
57,850	57,900	3,444
57,900	57,950	3,447
57,950	58,000	3,450
58,000	58,050	3,452
58,050	58,100	3,455
58,100	58,150	3,458
58,150	58,200	3,461
58,200	58,250	3,464
58,250	58,300	3,467
58,300	58,350	3,470
58,350	58,400	3,473
58,400	58,450	3,476
58,450	58,500	3,479
58,500	58,550	3,482
58,550	58,600	3,485
58,600	58,650	3,488
58,650	58,700	3,491
58,700	58,750	3,494
58,750	58,800	3,497
58,800	58,850	3,500
58,850	58,900	3,503
58,900	58,950	3,506
58,950	59,000	3,509
59,000	59,050	3,512
59,050	59,100	3,515
59,100	59,150	3,518
59,150	59,200	3,521
59,200	59,250	3,524
59,250	59,300	3,527
59,300	59,350	3,530
59,350	59,400	3,533
59,400	59,450	3,536
59,450	59,500	3,539
59,500	59,550	3,542
59,550	59,600	3,545
59,600	59,650	3,548
59,650	59,700	3,551
59,700	59,750	3,554
59,750	59,800	3,557
59,800	59,850	3,560
59,850	59,900	3,563
59,900	59,950	3,566
59,950	60,000	3,569
60,000	60,050	3,571
60,050	60,100	3,574
60,100	60,150	3,577
60,150	60,200	3,580
60,200	60,250	3,583
60,250	60,300	3,586
60,300	60,350	3,589
60,350	60,400	3,592
60,400	60,450	3,595
60,450	60,500	3,598
60,500	60,550	3,601
60,550	60,600	3,604
60,600	60,650	3,607
60,650	60,700	3,610
60,700	60,750	3,613
60,750	60,800	3,616
60,800	60,850	3,619
60,850	60,900	3,622
60,900	60,950	3,625
60,950	61,000	3,628
61,000	61,050	3,631
61,050	61,100	3,634
61,100	61,150	3,637
61,150	61,200	3,640
61,200	61,250	3,643
61,250	61,300	3,646
61,300	61,350	3,649
61,350	61,400	3,652
61,400	61,450	3,655
61,450	61,500	3,658
61,500	61,550	3,661
61,550	61,600	3,664
61,600	61,650	3,667
61,650	61,700	3,670
61,700	61,750	3,673
61,750	61,800	3,676
61,800	61,850	3,679
61,850	61,900	3,682
61,900	61,950	3,685
61,950	62,000	3,688

INCOME More than	INCOME But not more than	TAX
$62,000	$62,050	$3,690
62,050	62,100	3,693
62,100	62,150	3,696
62,150	62,200	3,699
62,200	62,250	3,702
62,250	62,300	3,705
62,300	62,350	3,708
62,350	62,400	3,711
62,400	62,450	3,714
62,450	62,500	3,717
62,500	62,550	3,720
62,550	62,600	3,723
62,600	62,650	3,726
62,650	62,700	3,729
62,700	62,750	3,732
62,750	62,800	3,735
62,800	62,850	3,738
62,850	62,900	3,741
62,900	62,950	3,744
62,950	63,000	3,747
63,000	63,050	3,750
63,050	63,100	3,753
63,100	63,150	3,756
63,150	63,200	3,759
63,200	63,250	3,762
63,250	63,300	3,765
63,300	63,350	3,768
63,350	63,400	3,771
63,400	63,450	3,774
63,450	63,500	3,777
63,500	63,550	3,780
63,550	63,600	3,783
63,600	63,650	3,786
63,650	63,700	3,789
63,700	63,750	3,792
63,750	63,800	3,795
63,800	63,850	3,798
63,850	63,900	3,801
63,900	63,950	3,804
63,950	64,000	3,807
64,000	64,050	3,809
64,050	64,100	3,812
64,100	64,150	3,815
64,150	64,200	3,818
64,200	64,250	3,821
64,250	64,300	3,824
64,300	64,350	3,827
64,350	64,400	3,830
64,400	64,450	3,833
64,450	64,500	3,836
64,500	64,550	3,839
64,550	64,600	3,842
64,600	64,650	3,845
64,650	64,700	3,848
64,700	64,750	3,851
64,750	64,800	3,854
64,800	64,850	3,857
64,850	64,900	3,860
64,900	64,950	3,863
64,950	65,000	3,866
65,000	65,050	3,869
65,050	65,100	3,872
65,100	65,150	3,875
65,150	65,200	3,878
65,200	65,250	3,881
65,250	65,300	3,884
65,300	65,350	3,887
65,350	65,400	3,890
65,400	65,450	3,893
65,450	65,500	3,896
65,500	65,550	3,899
65,550	65,600	3,902
65,600	65,650	3,905
65,650	65,700	3,908
65,700	65,750	3,911
65,750	65,800	3,914
65,800	65,850	3,917
65,850	65,900	3,920
65,900	65,950	3,923
65,950	66,000	3,926
66,000	66,050	3,928
66,050	66,100	3,931
66,100	66,150	3,934
66,150	66,200	3,937
66,200	66,250	3,940
66,250	66,300	3,943
66,300	66,350	3,946
66,350	66,400	3,949
66,400	66,450	3,952
66,450	66,500	3,955
66,500	66,550	3,958
66,550	66,600	3,961
66,600	66,650	3,964
66,650	66,700	3,967
66,700	66,750	3,970

INCOME More than	INCOME But not more than	TAX
$66,750	$66,800	$3,973
66,800	66,850	3,976
66,850	66,900	3,979
66,900	66,950	3,982
66,950	67,000	3,985
67,000	67,050	3,988
67,050	67,100	3,991
67,100	67,150	3,994
67,150	67,200	3,997
67,200	67,250	4,000
67,250	67,300	4,003
67,300	67,350	4,006
67,350	67,400	4,009
67,400	67,450	4,012
67,450	67,500	4,015
67,500	67,550	4,018
67,550	67,600	4,021
67,600	67,650	4,024
67,650	67,700	4,027
67,700	67,750	4,030
67,750	67,800	4,033
67,800	67,850	4,036
67,850	67,900	4,039
67,900	67,950	4,042
67,950	68,000	4,045
68,000	68,050	4,047
68,050	68,100	4,050
68,100	68,150	4,053
68,150	68,200	4,056
68,200	68,250	4,059
68,250	68,300	4,062
68,300	68,350	4,065
68,350	68,400	4,068
68,400	68,450	4,071
68,450	68,500	4,074
68,500	68,550	4,077
68,550	68,600	4,080
68,600	68,650	4,083
68,650	68,700	4,086
68,700	68,750	4,089
68,750	68,800	4,092
68,800	68,850	4,095
68,850	68,900	4,098
68,900	68,950	4,101
68,950	69,000	4,104
69,000	69,050	4,107
69,050	69,100	4,110
69,100	69,150	4,113
69,150	69,200	4,116
69,200	69,250	4,119
69,250	69,300	4,122
69,300	69,350	4,125
69,350	69,400	4,128
69,400	69,450	4,131
69,450	69,500	4,134
69,500	69,550	4,137
69,550	69,600	4,140
69,600	69,650	4,143
69,650	69,700	4,146
69,700	69,750	4,149
69,750	69,800	4,152
69,800	69,850	4,155
69,850	69,900	4,158
69,900	69,950	4,161
69,950	70,000	4,164
70,000	70,050	4,166
70,050	70,100	4,169
70,100	70,150	4,172
70,150	70,200	4,175
70,200	70,250	4,178
70,250	70,300	4,181
70,300	70,350	4,184
70,350	70,400	4,187
70,400	70,450	4,190
70,450	70,500	4,193
70,500	70,550	4,196
70,550	70,600	4,199
70,600	70,650	4,202
70,650	70,700	4,205
70,700	70,750	4,208
70,750	70,800	4,211
70,800	70,850	4,214
70,850	70,900	4,217
70,900	70,950	4,220
70,950	71,000	4,223
71,000	71,050	4,226
71,050	71,100	4,229
71,100	71,150	4,232
71,150	71,200	4,235
71,200	71,250	4,238
71,250	71,300	4,241
71,300	71,350	4,244
71,350	71,400	4,247
71,400	71,450	4,250
71,450	71,500	4,253

INCOME More than	INCOME But not more than	TAX
$71,500	$71,550	$4,256
71,550	71,600	4,259
71,600	71,650	4,262
71,650	71,700	4,265
71,700	71,750	4,268
71,750	71,800	4,271
71,800	71,850	4,274
71,850	71,900	4,277
71,900	71,950	4,280
71,950	72,000	4,283
72,000	72,050	4,285
72,050	72,100	4,288
72,100	72,150	4,291
72,150	72,200	4,294
72,200	72,250	4,297
72,250	72,300	4,300
72,300	72,350	4,303
72,350	72,400	4,306
72,400	72,450	4,309
72,450	72,500	4,312
72,500	72,550	4,315
72,550	72,600	4,318
72,600	72,650	4,321
72,650	72,700	4,324
72,700	72,750	4,327
72,750	72,800	4,330
72,800	72,850	4,333
72,850	72,900	4,336
72,900	72,950	4,339
72,950	73,000	4,342
73,000	73,050	4,345
73,050	73,100	4,348
73,100	73,150	4,351
73,150	73,200	4,354
73,200	73,250	4,357
73,250	73,300	4,360
73,300	73,350	4,363
73,350	73,400	4,366
73,400	73,450	4,369
73,450	73,500	4,372
73,500	73,550	4,375
73,550	73,600	4,378
73,600	73,650	4,381
73,650	73,700	4,384
73,700	73,750	4,387
73,750	73,800	4,390
73,800	73,850	4,393
73,850	73,900	4,396
73,900	73,950	4,399
73,950	74,000	4,402
74,000	74,050	4,404
74,050	74,100	4,407
74,100	74,150	4,410
74,150	74,200	4,413
74,200	74,250	4,416
74,250	74,300	4,419
74,300	74,350	4,422
74,350	74,400	4,425
74,400	74,450	4,428
74,450	74,500	4,431
74,500	74,550	4,434
74,550	74,600	4,437
74,600	74,650	4,440
74,650	74,700	4,443
74,700	74,750	4,446
74,750	74,800	4,449
74,800	74,850	4,452
74,850	74,900	4,455
74,900	74,950	4,458
74,950	75,000	4,461
75,000	75,050	4,464
75,050	75,100	4,467
75,100	75,150	4,470
75,150	75,200	4,473
75,200	75,250	4,476
75,250	75,300	4,479
75,300	75,350	4,482
75,350	75,400	4,485
75,400	75,450	4,488
75,450	75,500	4,491
75,500	75,550	4,494
75,550	75,600	4,497
75,600	75,650	4,500
75,650	75,700	4,503
75,700	75,750	4,506
75,750	75,800	4,509
75,800	75,850	4,512
75,850	75,900	4,515
75,900	75,950	4,518
75,950	76,000	4,521
76,000	76,050	4,523
76,050	76,100	4,526
76,100	76,150	4,529
76,150	76,200	4,532
76,200	76,250	4,535

INCOME More than	INCOME But not more than	TAX
$76,250	$76,300	$4,538
76,300	76,350	4,541
76,350	76,400	4,544
76,400	76,450	4,547
76,450	76,500	4,550
76,500	76,550	4,553
76,550	76,600	4,556
76,600	76,650	4,559
76,650	76,700	4,562
76,700	76,750	4,565
76,750	76,800	4,568
76,800	76,850	4,571
76,850	76,900	4,574
76,900	76,950	4,577
76,950	77,000	4,580
77,000	77,050	4,583
77,050	77,100	4,586
77,100	77,150	4,589
77,150	77,200	4,592
77,200	77,250	4,595
77,250	77,300	4,598
77,300	77,350	4,601
77,350	77,400	4,604
77,400	77,450	4,607
77,450	77,500	4,610
77,500	77,550	4,613
77,550	77,600	4,616
77,600	77,650	4,619
77,650	77,700	4,622
77,700	77,750	4,625
77,750	77,800	4,628
77,800	77,850	4,631
77,850	77,900	4,634
77,900	77,950	4,637
77,950	78,000	4,640
78,000	78,050	4,642
78,050	78,100	4,645
78,100	78,150	4,648
78,150	78,200	4,651
78,200	78,250	4,654
78,250	78,300	4,657
78,300	78,350	4,660
78,350	78,400	4,663
78,400	78,450	4,666
78,450	78,500	4,669
78,500	78,550	4,672
78,550	78,600	4,675
78,600	78,650	4,678
78,650	78,700	4,681
78,700	78,750	4,684
78,750	78,800	4,687
78,800	78,850	4,690
78,850	78,900	4,693
78,900	78,950	4,696
78,950	79,000	4,699
79,000	79,050	4,702
79,050	79,100	4,705
79,100	79,150	4,708
79,150	79,200	4,711
79,200	79,250	4,714
79,250	79,300	4,717
79,300	79,350	4,720
79,350	79,400	4,723
79,400	79,450	4,726
79,450	79,500	4,729
79,500	79,550	4,732
79,550	79,600	4,735
79,600	79,650	4,738
79,650	79,700	4,741
79,700	79,750	4,744
79,750	79,800	4,747
79,800	79,850	4,750
79,850	79,900	4,753
79,900	79,950	4,756
79,950	80,000	4,759

If you have taxable income in excess of $80,000, multiply the amount in line 19 by .0595.

Putting Technology to Work

The Department of Revenue is committed to taking advantage of new technology to completely change the way taxes are administered in the Commonwealth. As a result of these improvements, we have transformed the agency from a paper processing factory to a center of digital technology, while at the same time reducing staff by 28%. Here's a brief summary of some recent improvements:

Electronic Filing

The Department has offered taxpayers the option of filing their returns electronically for four years. Electronic filing is a faster, more accurate alternative to traditional paper filing. Last year, 80,000 taxpayers took advantage of this technology and were issued their refunds, on average, in 4 days. This year you will have the option of having your refund directly deposited into your bank account if you electronically file through an approved electronic filing preparer.

Telefile

Now in its third year, Telefile allows eligible Massachusetts taxpayers to file their tax returns by telephone. Last year, 400,000 taxpayers used the Telefile system, completing their calls in an average of 8 minutes, and receiving their refunds in 3–4 days. If you filed your return by telephone last year, you are encouraged to do so again this year. If you filed a Form 1 last year, you may still be eligible to Telefile this year if you:

- do not have to file schedule(s) C, D, E and/or Y;
- did not make estimated tax payments;
- did not receive alimony or capital gains distributions;
- do not have deductions for care of a dependent or business expenses;
- filed jointly in 1995 and have not changed your filing status; and
- have 5 or less W-2 forms.

Call (617) 660-1996 to see if you qualify to Telefile. Telefile is available 7 days a week, 24 hours a day.

PC Filing

PC-File Form 1. This is the first year that Massachusetts will allow Form 1 filers to submit their 1996 income tax returns using their personal computers. From a Windows-based operating system, download the data entry software from the Department of Revenue's Web site by clicking on the "Tax Help and Filing Options" section and follow the PC Filing instructions. After installing the software on your PC, copy the information from your completed tax return onto the provided software. Although this software is not a tax preparation package, it will check the accuracy of your mathematical calculations. Once the information is entered, your return will be transmited to the Department through a service provider. Refunds will be issued, on average, in four days. A fee of $4.75 will be charged to your credit card by the service provider for the transmission of the return. To use PC-File Form 1, taxpayers should meet the following requirements:

- you must not have changed your address since you filed your 1995 return;
- you have filed a Massachusetts income tax return within the last three tax years;
- you are filing as a resident for the entire year;
- you do not have differences to report between Massachusetts and federal schedule(s) B, C & E;
- you are not including supporting statements (attachments);
- you allow certain items from US Schedule F; and
- you are not claiming long-term capital gains tax credit applied to 12% income, income tax paid to another jurisdiction or credits for energy, lead paint or economic opportunity areas.

For more information and a complete list of eligibility requirements, visit the Department's Web site (http://www.magnet.state.ma.us/dor/dorpg.htm).

TaxTalk Topics

What's New for Tax Year 1996

101 What's New in Telefile
102 Capital Gains, Filing Your 1996 Tax Return
103 Capital Gains, Future Impact
104 Temporary Increase to Personal Exemption Amounts
105 Sale of Business Property

Residency Status/Filing Status

151 Am I a Resident?
152 Am I a Nonresident?
153 Am I a Part-Year Resident?
154 What Is My Filing Status?

Filing Requirements/Filing Options

171 Which Return Should I File?/Alternative Filing Methods
172 Guidelines for Filing an Extension
173 Should I Be Making Estimated Tax Payments?
174 Guidelines for Filing an Amended Return

Types of Income

201 Understanding Your W-2 Form
202 IRA/Keogh/401K/403b
203 Pensions
204 Interest Income
205 Fiduciary/Trusts
206 Disability/Sick Pay/Workers' Compensation
207 Unemployment Compensation
208 Stock Options

Credits, Deductions, Exemptions

301 Limited Income Credit
302 Child Care or Dependent Under 12
303 Rental Deduction
304 Employee Business Expense Deduction
305 Social Security/Retirement
306 Credit To Other Jurisdictions

Responding to Your Income Tax Bill

351 Responding to Your Income Tax Bill/ Payment By Credit Card
352 Understanding Penalties And Interest
353 Wage and Bank Levy
354 Liens Upon Property

Estate Tax

801 General Information
802 Estate Tax Reduction and "Sponge Tax"
803 Expeditious Lien Release

Partnerships and S Corporations

811 Partnership, General Information/Forms
812 Partners' Requirements
813 S Corporations, General Information
814 S Corporations and Shareholders, Requirements and Form(s) to File

PC-Telefile. This year, if you are eligible to Telefile but would prefer to file your 1996 Massachusetts Income Tax Return via your personal computer, there are two ways in which you may do so. **Option 1** requires a DOS PC or MAC, a Hayes compatible modem capable of at least 2400 bps and accepted telecommunications software; **Option 2** requires a PC, software downloaded from the Department's Web site, and Windows 3.11 or higher or Windows 95. Detailed instructions for both of these options can be found in the Telefile booklet or on the Department's Web site (http://www.magnet.state.ma.us/dor/dorpg.htm).

TaxTalk

TaxTalk is our new, automated system of recorded tax information available 24 hours a day, 7 days a week. Call (617) 887-MDOR or toll-free in Massachusetts 1-800-392-6089 to select from a menu of 40 tax topics (see column to left). A complete list of tax topics is also available through the Department's Fax on Demand system or via the Department's Web site (http://www.magnet.state.ma.us/dor/dorpg.htm). For a menu of tax topics available by Fax on Demand, please call (617) 887-1900 using the handset and the keypad on your fax machine and, when prompted, enter document retrieval number 4000. To access the list of tax topics through DOR's Web site, click on the section entitled "Tax Help and Filing Options."

Filing Your Extension by Telephone

Last year the Department introduced its 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:

- there is no payment due with the application;
- you filed a 1995 Massachusetts income tax return;
- your filing status has not changed since you filed your 1995 Massachusetts income tax return and;
- you have access to a touch-tone telephone.

If you would like to file your extension by telephone and you meet all of the criteria above, you can call (617) 660-2222. If you do not meet the criteria and you need a copy of Form M-4868, you can call our Forms Request Line at (617) 887-MDOR or toll-free in Massachusetts at 1-800-392-6089.

Forms Imaging

This year, the Department will process virtually all 3 million individual income tax returns through state-of-the-art imaging equipment. This change allows us to process tax returns faster with fewer personnel and with fewer errors. Our goal is to image additional forms in the future.

World Wide Web

This year, the Department has redesigned its Web site (http://www.magnet.state.ma.us/dor/dorpg.htm) to more closely reflect our mission of using the Internet as an online taxpayer service center. The Web site offers visitors a searchable index of legal rulings; tax forms and publications; news releases; statistical data and related articles. In addition, our Web site provides timely information from our Local Services and Child Support Enforcement divisions.

Department of Revenue Resources

DOR Locations in Massachusetts

100 Cambridge Street
Boston 02204
(617) 887-MDOR

218 S. 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

999 Peachtree St., Suite 1640
Atlanta, GA 30309
(404) 874-2922

101 South First St., 4th Floor
Burbank, CA 91502
(818) 840-9059

150 N. Michigan Ave., Suite 2035
Chicago, IL 60601
(312) 899-9040

1201 Louisiana St., Suite 3322
Houston, TX 77002
(713) 650-0390

1212 Ave. of the Americas
9th Floor
New York, NY 10036
(212) 768-2750

355 Fifth Ave., 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 new 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 1996 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 16 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 available via the Internet. The address for the Department's home page is http://www.magnet.state.ma.us/dor/dorpg.htm

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.

Note: The 1996 Form 1, Form 1-NR/PY and Form M-4868 available on the Internet and through the Fax on Demand system are for informational purposes only. Due to the sensitivity of the Department's imaging equipment for tax return processing, only an original or approved computer-generated version of these forms will be accepted for filing purposes.

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:

- abatements
- bills and payments
- business taxes
- corporate excise
- corporate trusts
- estate taxes
- estimated taxes
- fiduciary taxes
- nonresident information
- partnerships
- personal income taxes
- refunds
- withholding

For help in one of the following specific areas

Please call the number listed below.

- Certificates of Good Standing (617) 887-6550
- Federal changes (617) 621-5300
- Installment sales (617) 621-5249
- Small Business Workshop (617) 887-6100
- Teletype (TTY): (617) 887-6140
- Vision-impaired taxpayers are welcome to make an appointment at any DOR office listed on this page to receive assistance in preparing their tax forms.
- Upon request, this publication is available in an alternative format.

To report allegations of suspected misconduct or impropriety involving Department of Revenue employees, please call the Inspectional Services Division's Integrity Hot Line at 1-800-568-0085 or write to P.O. Box 6040, Boston, MA 02114.

Massachusetts Department of Revenue

Boston, Massachusetts 02204

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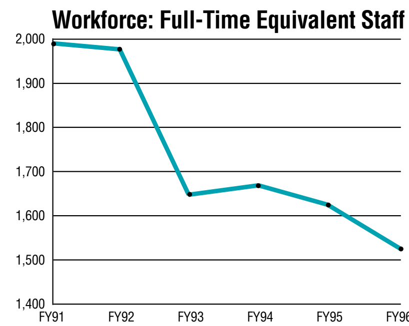
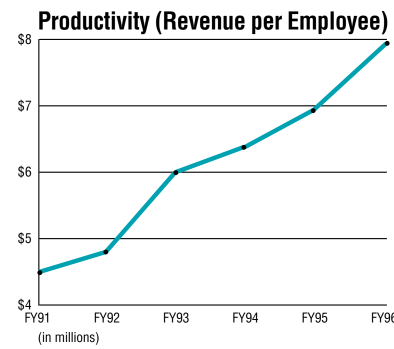
Dear Taxpayer:

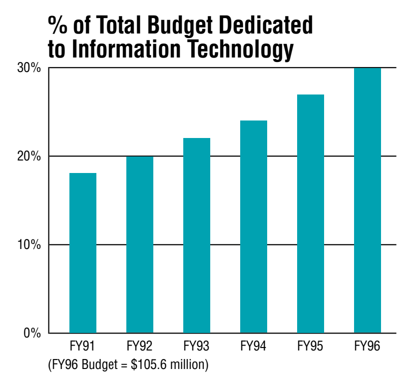
Across the country, information technology has revolutionized the way work is done, permitting efficiencies never before possible. The Department of Revenue is a very good example.

Imaging/data recognition, electronic funds transfer, interactive voice response, computer-assisted audit, PC filing and Telefile are now in full use. This extensive array of cutting-edge systems has permitted us to downsize from 2,000 employees to 1,500, while productivity has virtually doubled — from $4.5 million in revenue per employee in FY91 to $8 million in FY96. Service has never been better. Half a million taxpayers received their refunds in 4 days or less last year, and waiting time on the telephones was cut to near zero at peak tax season.

Our pledge is to keep our leadership role in these technologies, because it will mean lower costs, and even better performance and service for Massachusetts taxpayers.







Sincerely,

Mitchell Adams
Commissioner

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