1996 Massachusetts Fiduciary Income Tax **Form 2**

All Schedules and Instructions

Definitions

1. **A resident fiduciary:**

   a. is a resident of or has its usual place of business in Massachusetts; or

   b. is the executor or administrator of an estate of a deceased person who was a resident at the time of death; **and**

   acts under an instrument created by the person who:

   a. at the time of creation of the instrument was a resident of Massachusetts; or

   b. is a resident at any time during the year in which income is received by the fiduciary under the instrument; or

   c. died as a resident of Massachusetts.

2. **Mass. source income is income derived from or effectively connected with:**

   a. any trade or business, including any employment carried on by the taxpayer in the Commonwealth; or

   b. the participation in any lottery or wagering transaction within the Commonwealth; or

   c. the ownership of any interest in real or tangible personal property located in the Commonwealth.

3. **Massachusetts resident beneficiaries are:**

   a. **Beneficiaries who reside in Massachusetts.**

   b. **Unborn persons**: Where income of a trust subject to the taxing jurisdiction of Massachusetts is being accumulated for persons unborn, such income is taxable to the trust.

   Example*: By the terms of a trust subject to the taxing jurisdiction of Massachusetts, income is payable to Jody Taxpayer, a resident of New Hampshire for life, with remainder to Jody's children. During a year in which Jody has no children, the trust realizes gains on the sale of securities. Such gains are taxable to the trust in their entirety.*

   c. **Unascertained persons**: Where income of a trust subject to the taxing jurisdiction of Massachusetts is being accumulated for unascertained persons, such income is taxable to the trust. The term "unascertained persons" refers to a class of persons who cannot be identified with certainty until the happening of a special event. The term also applies to those of a class who fulfill some special qualification.

   Example: *By the terms of a trust subject to the taxing jurisdiction of Massachusetts, income is payable to A, B and C, in equal shares, with remainder in equal shares to each as he/she attains the age of 30. The share of any who die under age 30 is to be added to those of the survivors. Here it cannot be ascertained who will take the remainder until all of A, B and C have either attained 30 or died before attaining that age. Accordingly, gains realized by the trust will be deemed to be income accumulated for the benefit of unascertained persons and taxable in full to the trust.*

   d. **Persons with uncertain interests**: A remainder interest in a trust which is vested and not subject to being divested by the happening of any contingency expressly mentioned in the trust instrument is not classified as an uncertain interest. Any other type of future interest such as a contingent remainder or a vested remainder subject to being cut off upon the happening of a contingency is an uncertain interest. Where income of a trust subject to the taxing jurisdiction of Massachusetts is being accumulated for a person or persons with uncertain interests, such income is taxable to the trust. For more information, see DOR Directive 94-4.

What Type of Income is Subject to Tax?

To the extent income is payable to/or accumulated for the benefit of:

Type of Fiduciary & Type of Income	Mass. Resident Beneficiaries	Nonresident Beneficiaries
Resident (Mass.) Fiduciary as to Mass. Source Income	Income Subject to Tax at the Fiduciary Level	Income Subject to Tax at the Fiduciary Level
Resident (Mass.) Fiduciary as to Non-Mass. Income	Income Subject to Tax at the Fiduciary Level	Income **Not** Subject to Tax if Vested in a Nonresident
Nonresident Fiduciary as to Mass. Source Income	Income Subject to Tax at the Fiduciary Level	Income Subject to Tax at the Fiduciary Level
Nonresident Fiduciary as to Non-Mass. Source Income	Income Subject to Tax at the Beneficiary Level	Income **Not** Subject to Tax

Before You Begin

Getting Started

Step One: 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. return first. The information on your U.S. return will help you complete your Massachusetts return.

Step Two: Remove the forms from this booklet. If you received this booklet in the mail, check the preaddressed label for correct name(s), address and Social Security number(s). If this information is correct, use this label. If this information is incorrect, print the corrections on the form before filing it with DOR. 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, enter a zero or a dash. Then, copy all information carefully onto the form you intend to file. Be sure to check your return to make sure it is correct.

Step Three: After you have checked your return, be sure to sign it. Form 2 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 attach your payment as indicated.

Major Tax Changes for 1996

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 is unaffected by the temporary increase in the personal exemption amount. 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.

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.

Common Form 2 Mistakes

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

• **Incorrect Computation.** Many returns must be corrected by DOR each year due to simple errors in computation. Before mailing your return, double-check your arithmetic to make sure the computations are correct.

• **Filing Status.** Be sure to check the correct box in line 1, Filing Status.

• **Missing Withholding Statement(s).** Make certain the state copy of all Forms W-2 (Wages), W-2G (Winnings), and 1099R that show Mass. income tax withheld are attached. These forms are frequently missing and must be obtained later from the taxpayer.

• **Missing Schedules.** Make sure you have attached required schedules supporting Form 2 information — Schedules B, B-1, C, D, E, F, H and Forms 2G, 20, 20A and required U.S. schedules.

• **Missing Signature.** Thousands of unsigned returns are received by DOR every year. These returns must be returned to the taxpayers for signatures.

General Information

Fiduciary income is subject to similar deductions, exemptions and tax rates as individual income taxed in Massachusetts. Massachusetts taxes the fiduciary entity, rather than the beneficiary. Actual tax liability is determined by the domicile of the beneficiary and the nature of the income. Income in the hands of a fiduciary retains its character and, as such, receipts which would not constitute income to an individual, such as interest on U.S. obligations, is not taxable to a fiduciary.

Trusts are classified as either grantor-type or nongrantor-type. When a grantor or another person is treated as the owner of a trust according to Sections 671 through 678 of the U.S. Internal Revenue Code (IRC), then the trust is not recognized as a separate taxable entity for income tax purposes, and the trustee files Form 2G, an information return. The grantor or other owner is required to report the income, deductions and credits of a grantor-type trust on his/her Massachusetts individual income tax return. Nongrantor-type trusts are all other types of trusts. The rules applicable to the filing of Form 2G are on the back of that form.

Massachusetts taxes nongrantor-type trusts and estates *differently* than the U.S. Government. The major distinctions are:

• There is no income distribution deduction. All income and capital gains, if subject to taxation, are taxed on Form 2.

• There is no shifting of tax liability by payments of income or capital gain. The adjusted gross income can be modified by subtracting any actual payments made during the taxable year of non-Massachusetts source income to a nonresident. Otherwise, there is no distribution deduction, and U.S. Schedule K-1 does not apply.

• Prior consent must be requested in order to file a return on a fiscal year basis. An application can be made on Form 13. Fiduciaries failing to obtain prior permission to file on a fiscal year basis can be placed on a calendar year basis.

• There is no distributable net income to calculate any “throwback rules.”

• Taxes, legal, accounting and tax preparation fees, as well as probate administration expenses, are not deductible.

• There is no personal exemption for the fiduciary.

Who Must File a Massachusetts Fiduciary Return?

Every executor, administrator, trustee, guardian, conservator, trustee in a noncorporate bankruptcy or receiver of a trust or estate that received income which is taxable under Ch. 62 in excess of $100 and that is subject to Massachusetts jurisdiction must file a Form 2. Fiduciaries of grantor-type trusts should see the back of Form 2G.

What Other Forms Must Be Filed?

Note: All applicable U.S. schedules, forms and attachments must be filed with Form 2. A copy of U.S. Schedule K-1 must be attached in all cases where a deduction is taken for the payment of income to a nonresident.

The Department of Revenue has developed an extensive information exchange program between the following returns:

• Form 1, Resident Income Tax Return;

• Form 1-NR/PY, Nonresident/Part-Year Resident Tax Return;

• Form M-1310, Statement of Claimant to Refund Due on Behalf of Deceased Taxpayer;

• Form 2, Fiduciary Income Tax Return; and

• Form M-706, Estate Tax Return.

Discrepancies and nonfilings, except those allowed under Massachusetts law, will be identified and may result in an audit or further investigation. Specific questions should be directed to the following:

- Forms 1, 1-NR/PY, 2 and M-1310: (617) 887-MDOR; and
- Form M-706: (617) 887-MDOR.

When is Form 2 Due?

Form 2 is due **on or before April 15, 1997**. If permission has been granted to file on a fiscal year basis, the return is due on or before the 15th day of the fourth month after the close of the fiscal year. Request for permission to file on a fiscal year basis is submitted on Form 13.

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

If after filing your income tax return you receive an additional tax statement, such as a W-2 or 1099, or discover that an error was made, submit a second tax return containing the correct information. **Clearly mark this new return "Amended" across the top**. If the change reduces the tax liability, attach Form CA-6, Application for Abatement, and a copy of the return that you originally filed. Form 2 or Form CA-6 is available at any Department of Revenue 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. Setting up a small payment agreement will allow you to make monthly payments over a set period to meet your unpaid liability.

How Do I Request An Extension?

To receive an extension of time to file, you must file an Application for Automatic Six-Month Extension of Time to File Massachusetts Income Tax Return, Mass. Form M-4868, and pay the amount of tax you expect to owe on or before the due date for filing your Massachusetts income tax return. The filing and approval of this form will extend the due date for six months. Interest is charged on any tax not paid by the original due date.

NOTE: Your extention 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. Form M-4868 is available at any Department of Revenue location.

Are Charitable Trusts/Private Foundations Tax Exempt?

Funds held in trust for public charitable purposes are exempt from tax under Massachusetts General Laws (MGL), Ch. 62, sec. 3, if such income is currently payable to, or irrevocably set aside for, public charitable purposes.

Every trustee who receives income that, except for MGL, Ch. 62, sec. 3, would be taxable is required to file a return for such income on Form 2. The return must be accompanied by a copy of the most recently filed applicable federal return.

What Deductions and Exemptions are Allowable on the Guardianship/Conservatorship Form 2?

Every deduction and exemption that an individual is entitled to take on Form 1 may be claimed by the guardian or conservator on behalf of the ward on Form 2.

Supporting documentation must be attached, including all applicable schedules from U.S. Form 1040, e.g., Schedule A, Itemized Deductions, if claiming the medical expense exemption.

Any deduction or exemption claimed must be entered and explained first on Form 2, line 19, and then in line 30 or 36, as appropriate. Deductions may usually only be used against 5.95% income. See Schedule C-2 for the limited circumstances under which deductions may be applied against 12% income.

Should I be Making Estimated Tax Payments in 1997?

Fiduciary filers (estates or trusts) who are subject to Massachusetts' jurisdiction and owe more than $200 in taxes on income not subject to withholding for the taxable year, are required to make estimated tax payments to the Commonwealth.

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 taxable year and January 15 of the following year. Mass. Form 1-ES is available at any Department of Revenue location.

Fiscal year taxpayers must file their first payment voucher on or before the 15th day of the fourth month of the fiscal year. The estimated tax may be paid in full with the first payment voucher or in four equal installments on or before the 15th day of the fourth, sixth and ninth months of the fiscal year and the 15th day of the next fiscal year. Be sure to use the appropriate voucher for each payment and fill in the tax year and date.

Whenever a due date falls on a Saturday, Sunday or legal holiday, the filing and payment may be made on the next succeeding business day.

Fiduciaries who underpay, or fail to pay, their estimated taxes may incur a penalty. Form M-2210, Underpayment of Massachusetts Estimated Income Tax, is used to compute the additional charge.

Line by Line Instructions

Line 1 Filing Status

Applicable Boxes — Check all applicable boxes. For example, if an estate were filing its first return, it would check the boxes for Decedent's Estate **and** First Return. Grantor-type trusts should file Form 2G and check the Consolidated Form 2G box if also filing Form 2. See the instructions on the back of Form 2G for details.

Name and Title of Fiduciary — Enter the exact legal name and title of the fiduciary. In case of multiple fiduciaries, one name is sufficient.

Name of Entity — Enter the exact legal name of the entity. If a trust or estate, refer to the governing instrument; other fiduciaries should use the exact legal name as their appointing court ruled.

Mailing Address of Fiduciary — Enter the mailing address of the fiduciary who is listed on the first line.

C/O — If the mailing address is the address of a legal firm or a person other than the fiduciary, that person or firm should be listed on the C/O line.

Company Account Number — If applicable, enter the company account number your firm has assigned to this entity.

U.S. Taxpayer Number — Enter the U.S. employer identification number. U.S. Form SS-4, Application for Employer Identification Number, should be used to apply for an employer identification number if you do not already have one. Enter "applied for" and the date applied for in the box if the number is not available at time of filing. Do **not** use a decedent's social security number for an estate. A separate employer identification number is required for the estate and for each trust entity.

Date Entity Created — Enter the date the trust was created. If filing a return for an estate, enter the date of death. All other fiduciaries should enter the date of appointment.

Receiving a Form 2 Booklet — Many fiduciary returns are computer generated. To save mailing and printing costs check the box in the name and address area only if you need to receive a Form 2 booklet next year.

Beneficiary Information

Line 2 Beneficiaries

List the complete name of each income beneficiary. An income beneficiary is a beneficiary of a trust who is entitled to receive the income from the trust. If filing for other than a trust, enter the name of the person receiving the income.

Line 3 Social Security Number

Enter the social security number of the income beneficiary.

Line 4 Legal Domicile

Enter the legal domicile of the income beneficiary. A legal domicile is a person's permanent home.

If all of the income and capital gains are taxed at 100%, you do not need to complete lines 5–11.

Line 5 Total Income

Enter the dollar amount of the income the beneficiary received during the tax period covered by the return. This is the total of the beneficiary's share of lines 18, 27 and 35.

Line 6a Percentage of Income

Enter the percentage of total income that was paid to/or accumulated for each beneficiary.

Line 6b Percentage of Taxable Income

Indicate the percentage of total income taxable in Massachusetts for each beneficiary. See "What Type of Income is Subject to Tax?"

Line 7 Accumulated Income

Enter the amount of income accumulated, i.e., retained by the entity, for the year.

Line 8 Total

Add column 5 and enter the total in the applicable space in line 8. Column 6a must total 100%. Add column 6b and enter the total in the applicable space in line 8.

Line 9 Remaindermen

In returns where taxable stock dividends, taxable gains from the purchase or sale of real estate, tangible and intangible personal property, or dividends which are wholly or in part credited to capital have been received by the fiduciary during the tax year covered by this return and in all cases where all or part of the taxable income is accumulated for remainder interests, then line 9 **must** include the complete name and address of each remainderman (a remainderman is the person entitled to an estate after the prior estate has expired).

Lines 3 – 6 must be completed accordingly. Note that accumulated income or principal held in trust for the benefit of unborn or unascertained persons, or persons with uncertain interests, are taxed as if accumulated for the benefit of a known Massachusetts resident (MGL, Ch. 62, sec. 10(a)).

Line 10 Accumulated Capital Gain

Enter the amount of capital gain accumulated, i.e., retained by the entity, for the year.

Line 11 Total

Add column 5 and enter the total in the applicable space in line 11. Column 6a must total 100%. Add column 6b and enter the total in the applicable space in line 11.

5.95% Income

Line 12 Wages, Salaries, Tips, Other Employee Compensation

Enter wages, salaries, tips and other compensation earned and received, and if applicable, enter the amount reported as Massachusetts wages on Form W-2.

For a decedent's estate, income in respect of a decedent is taxed in line 12. Income in respect of a decedent is income the decedent had a right to receive prior to the date of death, but payment of which was made to the estate after date of death. Wages, salaries or other forms of compensation, including any fixed sum amount attributable to services rendered prior to the decedent's death, are to be included in line 12. Income in respect of a decedent is reported and taxed on the Form 2 as income to the estate in addition to reporting and taxing it on the Decedent's Estate Tax Return, Form M-706, as an asset of the estate.

Line 13 Taxable Pensions and Annuities

Income from most private pension or annuity plans is taxable in Massachusetts. Only if the income is from a contributory annuity, pension, endowment or retirement fund of the U.S. Government, the Commonwealth of Massachusetts or its political subdivisions, is the income exempt. Pension income from certain other states or their political subdivisions that do not tax such income from Massachusetts, may be eligible to be deducted.

Enter the fully taxable amounts received from pension or annuity plans in line 13. Amounts distributed from an IRA or Keogh plan should also be reported in line 13.

Line 14 Business/Profession or Farm Income or (Loss)

For entities engaged in operating a business or profession, complete and attach Mass. Schedule C and U.S. Schedules C, C-EZ or F, and enter the amount of income or (loss) in line 14.

Line 15 Rental, Royalty and REMIC Income or (Loss)

Rental, Royalty and Real Estate Mortgage Investment Conduit (REMIC) residual income are generally taxable in Massachusetts. Enter the amount from Schedule E, line 4. Attach Schedule E and a copy of U.S. Schedule E. Explain any differences in amounts entered on the Mass. and U.S. schedules which result from part-year residency, trust provisions or allowable differences. See Schedule E instructions for further details of possible differences in reporting rental, royalty and REMIC income or (loss).

Line 16 Interest from Massachusetts Banks

Begin by entering, in the spaces provided, the names of all savings banks, cooperative banks, national banks, trust companies, savings and loan associations or credit unions located in Massachusetts, in which you have deposit accounts and the amounts of interest received or credited to these accounts (savings accounts, savings shares, NOW accounts and term and time deposits). Attach an additional statement if more space is needed. All other interest, unless exempt, is taxed at 12% and should be entered in Schedule B, line 1.

Line 17 Other 5.95% Income

Other 5.95% income, not reported elsewhere, must be included here. Enter the source and amount of each item.

Attach a supplemental statement if additional space is needed. Items reported here include: partnership and S corporation income or (loss); gambling winnings from lotteries, raffles, races or other events of chance, wherever held; fair market value of prizes and awards; lump-sum distributions from qualified employee benefit plans in excess of employee's contributions and any other miscellaneous income.

Income received by a Massachusetts trust or estate from sources not previously subject to Massachusetts jurisdiction or taxed in Massachusetts is subject to taxation on Form 2. Sources not previously subject to Massachusetts taxation include non-Massachusetts estates, trusts and partnerships, wherever located. Enter the income or (loss) from these entities in the appropriate lines 12 through 36 on Form 2, according to the character and source of income. If no other line applies, enter the income or (loss) from these entities in line 17.

Line 18 Total 5.95% Income

Add lines 12 through 17, and enter the total in line 18.

Line 19 Modified Gross 5.95% Income

Once jurisdiction is established, income received by a fiduciary or executor is fully taxable in Massachusetts to the extent that the income is payable to/or accumulated for residents of Massachusetts. Correspondingly, a percentage deduction may be taken by the entity for amounts paid to nonresident beneficiaries, subject to the following limitation: to the extent of any income that is subject to taxation under MGL, Ch. 62, sec. 5A, as Massachusetts source income, such income is fully taxable, regardless of whether it is payable to/or accumulated for residents or nonresidents. For a more detailed explanation of what constitutes Massachusetts source income, please refer to the "Definitions" section.

Income received by a fiduciary or executor which is accumulated for unborn or unascertained persons, beneficiaries or remaindermen with uncertain interests, is also fully taxed as though accumulated for residents of the Commonwealth. Enter the 5.95% income taxable in Massachusetts. Explain if line 19 is different from line 18.

Example:
Trust X received $6,000 in non-Massachusetts source royalty income, line 15 and $7,000 in winnings, line 17. The trust has two beneficiaries, one a resident of Massachusetts and the other a resident of Oregon. The trust paid each beneficiary one-half of the income, $6,500 each. The trust may deduct $3,000 of the royalty income from its total 5.95% income as a payment to a nonresident. The trust may not, however, deduct the Oregon resident's share of the Massachusetts winnings, $3,500, as it is Massachusetts source income and is taxable to nonresidents. The trust then has $10,000 of modified gross income for line 19.

Line 20 Beneficiaries' Exemptions

Enter the amount assignable to beneficiaries with No Tax Status, or the amount applicable to beneficiaries' unused personal exemptions. See the section on Beneficiaries' Claims. Form 20 or 20A and Form 1 must be attached to substantiate the claim.

Line 21 Deductions Allowed Decedents

The amount of any deduction in respect to a decedent that is not properly allowable to the decedent in respect to the taxable period in which his/her date of death falls, or prior period, shall be specifically allowed, provided that the estate of the decedent is liable to discharge the obligation for which the deduction relates.

The following deductions are allowed, but only if attributable to the decedent and paid after date of death (attach copy of Form 1):

• Amounts paid into Social Security (FICA), Railroad, U.S. or Massachusetts Retirement Systems are deductible up to a maximum of $2,000. Payments to an IRA or Keogh are not deductible.

• Amounts paid to someone to care for one (or more) qualified child under age 15, or for a disabled dependent(s) or spouse so that the decedent could work or look for work, are deductible as an employment-related expense.

• One $600 amount may be deducted if at least one dependent member of the decedent's household was under age 12 at the close of the taxable year in which the decedent's death falls. Only one $600 amount may be claimed, regardless of the number of dependents under age 12, and it may only be claimed as long as no employment-related expense deduction is taken.

• Amounts paid for rent qualifying as the decedent's principal residence, are deductible equal to 50% of the rent paid during the taxable year, up to a maximum of $2,500. Attach a supplemental statement listing landlord's name(s) and address(es), dates rented and amount(s) of rent paid for each residence.

• The deduction for unreimbursed travel and transportation expenses incurred by any employee, and unreimbursed gifts, entertainment and other employee business expenses incurred by employees who solicit business for an employer away from the employer's place of business are allowed only if the taxpayer itemizes deductions on his/her U.S. income tax return and only for amounts that exceed 2% of U.S. adjusted gross income. The amount an employee is reimbursed for business expenses continues to be an allowable deduction.

• A penalty charge for early withdrawal of savings and interest is deductible but only if the interest that the penalty is related to is reported on Form 2.

• Amounts paid to a former spouse for alimony or separate maintenance pursuant to a court decree are deductible as long as the amounts are paid in the taxable year in which the decedent's death falls.

Line 22 Total Exemptions and Deductions

Add lines 20 and 21, and enter the total in line 22.

Line 23 Net Taxable 5.95% Income

Subtract line 22 from line 19. Enter the result in line 23, but *not less than "0"*.

12% Income — Interest, Dividends and Certain Capital Gains and (Losses)

Line 24 Total 12% Interest, Dividends and Certain Capital Gains and (Losses)

Enter amount from Schedule B, line 22. See Schedule B instructions for detailed information. Complete and attach Schedule B.

Line 25 Common Trust Fund Interest and Dividends

Enter the amount of interest and dividends received from common trust funds.

Line 26 Short-term Common Trust Fund Capital Gains

Enter the amount of short-term capital gains received from common trust funds.

Line 27 Total 12% Income

Add lines 24, 25 and 26.

Line 28 Expense and Fiduciary Compensation Deduction

Enter the allowable portion of expenses as computed on Schedule H, Part 1, line 5, and compensation as computed on Schedule H, Part 2, line 18. Attach a copy of Schedule H.

Line 29 12% Income after Deductions

Subtract line 28 from line 27, and enter the result in line 29.

Line 30 Modified Gross 12% Income

Enter the modified gross income in Massachusetts. Use the total percentage from line 6b, Beneficiary Information, multiplied by line 29. If there is Mass. source income in line 29, refer to the instructions for line 19. Explain if line 30 is different from line 29.

Line 31 Beneficiaries' Exemptions

Enter the amount assignable to beneficiaries with No Tax Status or the amount applicable to beneficiaries' unused personal exemptions in line 31. See the section on Beneficiaries' Claims. Form 20 or 20A and Form 1 must be attached to substantiate the claim.

Line 32 Net Taxable 12% Income

Subtract line 31 from line 30, and enter the result in line 32. If less than zero, enter "0". This is the net taxable 12% income.

Long-term Capital Gain Income

Line 33 Mass. Adjusted Gross Long-term Capital Gain

Enter Mass. adjusted gross long-term capital gain from Schedule D, line 11, in line 33. See Schedule D instructions for detailed information. Complete and attach Schedule D.

Line 34 Long-term Common Trust Fund Capital Gains

Enter the amount of long-term capital gains received from common trust funds.

Line 35 Total Long-term Capital Gain

Add lines 33 and 34.

Line 36 Modified Gross Capital Gain

Enter the modified gross capital gain in Massachusetts. The only modifications are for amounts of non-Massachusetts source income paid to/or vested in nonresidents of Massachusetts. Refer to the line 19 instructions for nonresident modification. Explain if line 36 is different from line 35.

Line 37 Beneficiaries' Exemptions

Enter the amount assignable to beneficiaries with No Tax Status or the amount applicable to beneficiaries' unused personal exemptions in line 37. See the section on Beneficiaries' Claims. Form 20 or 20A and Form 1 must be attached to substantiate the claim.

Line 38 Net Taxable Long-term Capital Gain

Subtract line 37 from line 36, and enter the result in line 33. Do not enter less than "0".

Tax Computation

Line 39 Taxable 5.95% Income

Enter the taxable income from line 23, but not less than "0".

Line 40 Tax from Table

Based upon the amount in line 39, find the proper amount of tax in the table, and enter the tax in line 40. If line 39 is greater than $80,000, multiply the amount in line 39 by .0595, and enter the result in line 40. You **must** use the tax table if line 39 is $80,000 or less.

Line 41 Taxable 12% Income

Enter the amount from line 32 in line 41. Do not enter less than "0".

Line 42 12% Tax

Multiply the amount in line 41 by .12, and enter the result in line 42.

Line 43 Taxable Long-term Capital Gain

Enter the amount from line 38 in line 43.

Line 44 Tax on Long-term Capital Gains

Multiply the amount in line 43 by .05, and enter the result in line 44.

Line 45 Total Tax

Add lines 40, 42 and 44. Enter the total in line 45.

Line 46 Credits

Long-term Capital Gains Tax Credit

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 22 is a positive amount (gross 12% interest, dividends and certain other capital gains) and Schedule D, line 11 is a loss (adjusted long-term capital losses). Include in line 46 the amount from Schedule B-1, line 11.

Credit for Taxes Paid to Other Jurisdictions

You should use Schedule F, if all or part of the income reported on this return is subject to taxation in another state or specified jurisdiction and you have filed a return and paid taxes in the other state or jurisdiction. Do not include taxes paid to the U.S. Government. Attach Schedule F and all returns from other states. The total credit which you calculate on Schedule F 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 jurisdiction.

Lead Paint Credit

A credit for up to $1,500 is given for expenses incurred for removing or covering lead paint on residential premises in Massachusetts. A seven-year carryover of any unused credits is provided. However, credits generated before January 1, 1994 are subject to a five-year carryover. Also, a credit is allowed for interim controls, abatement measures that have been taken pending the complete removal of lead paint, for up to $500 per dwelling unit. This $500 amount is counted towards the $1,500 limit. Strict regulations govern who can cover or remove 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 attach Mass. 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 attach Schedule EOA, Economic Opportunity Area Credit. See Schedule EOA for more information.

Line 47 Tax after Credits

Subtract line 46 (total credits) from line 45 and enter the result in line 47.

Line 48 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 1099R, if applicable. Enter the total of all Massachusetts withholdings in line 48. Be sure you attach the **state** copies to the front of your return where indicated in the left margin; otherwise your claim of amounts withheld will not be allowed. If you have lost any state copy, ask the payer for a duplicate. Copies of 1099R need only be attached if they show an amount for Massachusetts tax withheld.

Line 49 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 2, line 64. Do not include any 1995 refund in this line.

Line 50 1996 Massachusetts Estimated Tax Payments

Enter the total amount of Massachusetts estimated income tax payments made for 1996. Do not include the amount in line 49.

Line 51 Payments Made with Extension

If an Application for an Automatic Six-Month Extension of Time to File, Mass. Form M-4868, was made for 1996 on or before the due date of the return, enter in line 51 the amount you paid with Mass. Form M-4868. Attach a copy of Mass. Form M-4868 to Form 2 when filing. An extension of time to file does not extend the due date for payment of the tax.

Any tax not paid on or before the due date, without regard to the extension, will be charged interest. Any tax not paid within the extended period is subject to a penalty of ½% per month, up to a maximum of 25% from the due date of the return.

Line 52 Payment with Original Return

Use this line if you are amending the original return. Enter in line 52 the amount of tax you paid with the original return from line 57, Balance Due. If estimated tax payments were made on the original return, they should be reflected in line 50, as on the original return. Check the amended return box in line 1. Complete the entire return, correct the appropriate line(s) with the new information and recompute the tax liability. On an attached sheet, explain the reason for the amendment(s) and identify the line(s) and amount(s) being changed on the amended return. If the change reduces the tax liability, attach Form CA-6, Application for Abatement, and a copy of the return that you originally filed.

Send the amended return, with Form CA-6 on top, to:

Mass. Department of Revenue
P.O. Box 7031
Boston, MA 02204

If you owe additional tax, send the amended Form 2 to:

Mass. Department of Revenue
P.O. Box 7018
Boston, MA 02204

Line 53 Total Tax Payments

Add lines 48 through 52, and enter the total in line 53.

Line 54 Overpayment

If line 47 is smaller than line 53, subtract line 47 from line 53, and enter the result in line 54. This is the amount of the overpayment. If line 47 is larger than line 53, skip to line 57.

Line 55 Amount of Overpayment to be Applied to 1997 Massachusetts Estimated Taxes

Enter the amount of the 1996 overpayment from line 54 that you want applied to your 1997 Mass. estimated taxes.

Line 56 Amount of Refund

Subtract line 55 from line 54, and enter the result in line 56. This is the amount of your refund.

Line 57 Balance Due

If line 53 is smaller then line 47, subtract line 53 from line 47, and enter the result in line 57. Include in line 57 any additional payment for interest and/or penalty (see following description), and indicate amount on form. Pay this amount in full with the return when filed. Make the check or money order payable to the **Commonwealth of Massachusetts** and write the tax identification number on the lower left front corner.

Penalty for Late Payment: The penalty for late payment is ½% of the tax due, per month (or fraction thereof) up to a maximum of 25%.

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

Penalty for Protested ("Bad") Check: If your check is not honored by your bank for 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).

Federal (Audit) Change Penalty: If the U.S. Internal Revenue Service changes a tax return for a prior year (generally through audit), file an amended Form 2 with the amended box checked together with any required schedules or additional payments within one year of the final federal determination to avoid a penalty. The penalty is equal to the smaller of 10% of the additional tax due, or $100. If the change indicates a refund, file Mass. Form CA-6, Application for Abatement, within one year.

Addition for Underpayment of Estimated Tax: If withholding and/or estimated tax payments do not equal 80% of the total tax liability required to be paid, an addition to tax will generally apply. If you failed to meet this requirement, you must complete and attach Mass. Form M-2210 to calculate the amount of penalty you must add to line 57 or to show which exception applies. Most taxpayers who qualify for an exception had withholding and/or estimated payments equal to their tax liability for the preceding year.

Taxpayer's Declaration

At least one of the fiduciaries must sign the return, under penalties of perjury, and write the date it is signed. Fiduciaries using facsimile signatures **must** follow the procedures in DOR Directive 89-9. Staple all state copies of any Forms W-2, W-2G and 1099R on the front of the Form 2. If making a payment, staple your check or money order to the front of the Form 2. Make the check or money order payable to the **Commonwealth of Massachusetts**, and be sure to sign the check. The tax identification number should be entered on the front of the check. Attach all required U.S. forms and schedules to the back. Please attach Mass. forms and schedules first, followed by Mass. Form M-2210, then Mass. Form M-4868, if applicable, and a copy of the applicable U.S. forms and schedules.

This return, together with payment in full, is due **on or before April 15, 1997**. Mail to:

Mass. Department of Revenue
P.O. Box 7018, Boston, MA 02204

Direct fiduciary inquiries, **not returns**, to:

Mass. Department of Revenue
Customer Service Bureau
P.O. Box 7010, Boston, MA 02204
Telephone: (617) 887-MDOR

Additional Form and Schedule Instructions

Schedule B: 12% Income — Interest, Dividends and Certain Capital Gains and (Losses)

You must file Mass. Schedule B if you had:

• 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; or

• gains or (losses) from the sale, exchange or involuntary conversion of property used in a trade or business.

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 2, line 16).

• 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.

Line 1 Total Interest

Enter total interest from U.S. Form 1041, page 1, line 1. 12% interest is generally any interest other than interest from Massachusetts banks. Items of 12% interest include, but are not limited to:

• interest from a security or escrow deposit;

• interest on bonds, notes or other similar interest-bearing obligations of other states and their political subdivisions;

• interest on U.S. or state tax refunds;

• interest on lump-sum distributions of pension income;

• interest on insurance policies;

• interest from non-Massachusetts banks; and

• interest on any variable rate note and fixed interest note, including repurchase agreements.

NOTE: Interest is Massachusetts source income if it is derived from or connected with Massachusetts business activity or the ownership of Massachusetts real estate or tangible personal property.

Interest from a common trust fund may be excluded here, provided it is entered in Form 2, line 25. If common trust fund interest is included in this line, enter the amount in line 8 and Form 2, line 25.

Line 2 Total Dividends

Enter total dividends from U.S. Form 1041, page 1, line 2. Dividends from a common trust fund may be excluded here, provided they are entered in Form 2, line 25. If common trust fund dividends are included in this line, enter the amount in line 8 and Form 2, line 25.

Line 3 Other Interest and Dividends

Enter in line 3 any other interest and dividends not included in lines 1 and 2. Line 3 includes such items as interest from obligations of other states and their political subdivisions that are not taxable federally but are taxable in Massachusetts. Any tax-exempt municipal interest, including interest from all Massachusetts municipalities, should be entered here for Schedule H computations.

Line 4 Total Interest and Dividends

Add lines 1, 2 and 3, and then enter the total in line 4.

Line 5 Interest on U.S. Debt Obligations

Enter the total amount of U.S. Government obligation interest included in line 4. Interest from **obligations** of the U.S. Government are not taxable by the Commonwealth of Massachusetts.

Line 6 Total Interest from Massachusetts Banks

Enter the total amount of interest from savings in Massachusetts banks included in Form 2, line 16.

Line 7 Interest and Dividends Taxed Directly to Other Massachusetts Estates and/or Trusts

Enter the total amount of interest and dividends taxed directly to other Massachusetts estates and/or trusts that has been included in lines 1, 2 or 3. Attach a statement detailing the type of income, the payor and the payor's tax identification number.

Line 8 Other Interest and Dividends to Be Excluded

Enter any other interest or dividends to be excluded. A schedule and statement of explanation must be attached. Common trust fund dividends or interest included in lines 1 or 2 must be entered here. Any tax-exempt municipal interest entered in line 3, for Schedule H computations, must be entered here.

Line 9 Total Adjustments

Add lines 5 through 8, and enter the total in line 9.

Line 10 Subtotal Interest and Dividends

Subtract line 9 from line 4, and enter the result in line 10.

NOTE: If there are any differences between U.S. and Mass. amounts reported in lines 11, 12, 13, 17 and 18, be sure to enter the Mass. amount and attach a statement that includes the line item and an explanation of the differences.

Exclude short-term capital gains received from common trust funds from line 11 and enter short-term capital gains received from common trust funds in Form 2, line 26.

Line 11 Short-Term Capital Gains

Enter the total short-term capital gains included in U.S. Form 1041, Schedule D, part I, line 4.

Line 12 Long-Term Capital Gains on Collectibles

Enter the amount of long-term capital gains on collectibles from Mass. Schedule D, line 8.

Line 13 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 attach U.S. Form 4797 with your return.

Line 14 Gross Short-Term Capital Gains and Long-Term Capital Gains on Collectibles

Add lines 10, 11, 12 and 13.

Line 15 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.

Line 16 Subtotal Short-Term Capital Gains and Long-Term Capital Gains on Collectibles

Subtract line 15 from line 14.

Line 17 Short-Term Capital (Losses)

Enter the total short-term capital (losses) included in U.S. Form 1041 Schedule D, Part I, line 4.

Line 18 (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.

Line 19 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 short-term (loss) amount from your 1995 Mass. Schedule D, line 13D.

Line 20 Net Short-Term Capital Gains and Long-Term Capital Gains on Collectibles

Combine lines 16, 17, 18 and 19. If the total is a loss, omit line 21. Enter “0” in line 22 and enter the amount from line 20 in line 23. If the total is a positive amount, go to line 21.

Line 21 Long-Term Net Collectible Gain Deduction

If there is no entry in line 12, enter “0.” If line 12 shows a gain, enter 50% of line 12 less 50% of the losses in lines 17, 18 and 19, but not less than “0.”

Line 22 Total Gross 12% Interest, Dividends and Certain Capital Gains and (Losses)

Subtract line 21 from line 20. Do not enter less than “0.” Enter the result here and on Form 2, line 24.

Line 23 Available Short-Term (Losses) for Carryover in 1997

Enter the amount from line 20 only if it is a (loss).

Schedule B-1: Long-Term Capital Gains Tax Credit Applied to 12% Income

Complete only if Schedule B, line 22 is a positive amount and Schedule D, line 11 is a (loss).

Line 1 Available Long-Term Capital Gains Tax Credit

Enter the amount from Schedule D, line 12 as a positive amount.

Line 2 12% Capital Gains

Enter the total of Schedule B, lines 11, 12, 13, 17, 18 and 19. 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.

Line 3 12% Tax

Multiply Schedule B, line 22 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.

Line 4 12% Tax Attributable to Interest and Dividends

Multiply Schedule B, line 10 by .12 (12%) and enter the result here. This is the amount of tax attributable to your interest and dividend income before any deductions.

Line 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.

Line 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.

Line 7 Excess Exemptions Applied Against Interest and Dividends

Multiply any amount from Form 20A included in Form 2, line 31 (amount of excess exemptions) by line 6 above.

Line 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.

Line 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.

Line 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.

Line 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 13 and on Form 2, line 46. Be sure to check the appropriate box.

Schedule C: 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.

Line 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 2, 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 check the box. 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.

Line 1b Returns and Allowances

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

Line 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).

Line 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.

Line 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.

Line 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.

Line 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.

Line 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.

Line 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.

Line 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.

Line 33 If You Have a (Loss)

Check the box in line 33a if all of your investment is at risk. Enter your (loss) from line 31 on Form 2, line 14 **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.

Check the box 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.

Schedule D: Capital Gains and (Losses) – 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.

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.

Line 1 Net Gains or (Losses)

Enter net gains or (losses) from U.S. Form 1041, Schedule D, line 12. If you are not filing U.S. Schedule D, report 100% of capital gain distributions in line 1. Gain from a common trust fund may be excluded here provided it is entered in Form 2, line 34. If gain from a common trust fund is included in this line, enter the amount in line 6 and Form 2, line 34.

Line 2 (Loss) on the Sale, Exchange or Involuntary Conversion of Property Used in a Trade or Business and Held for More Than One Year

Enter from U.S. Form 4797 the amount of (loss) on 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.

Line 3 Subtotal

Combine line 1 and line 2.

Line 4 Net Gains or (Losses) Taxed to Other Fiduciaries

Enter in line 4 only gains or (losses) that are taxed directly on Massachusetts Fiduciary Return, Form 2, or other fiduciaries of which this entity is a beneficiary. Only exclude the amount if it is included in line 1 or 2 of Schedule D. Enter the tax identification number of the other entity in the space beside line 4 or on an additional sheet of paper.

NOTE: Do not enter gains or (losses) from any grantor-type trust or from an estate or trust that is not taxed in Massachusetts.

Line 5 Exclude/Subtract Line 4 from Line 3

Exclude/subtract line 4 from line 3. If line 4 is a (loss), add such (loss) as a positive number to the amounts recorded in line 3.

Line 6 Differences

Enter any differences between the gains or (losses) reportable for Massachusetts tax purposes and the U.S. gains or (losses) reported on Schedule D, lines 1 and 2. Enter the amount of common trust fund gain included in line 1. This amount would have been carried over from your U.S. Form 1041, Schedule D, and is properly reported in Form 2, line 34. Differences include:

• capital gains or (losses) that occurred while the taxpayer was legally domiciled in another state or country during the taxable year;

• capital gains or (losses) from transactions reported as installment sales for U.S. income tax purposes but not for Massachusetts;

• 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;

• Massachusetts has adopted basis adjustment rules to take into account differences between Mass. and U.S. tax laws.

Any entry in line 6 must be clearly explained in an attached statement.

Line 7 Massachusetts 1996 Gains or (Losses)

Combine lines 5 and 6.

Line 8 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 12.

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.

Line 9 Subtotal

Subtract line 8 from line 7.

Line 10 Prior Years Long-term Unused (Losses)

You may use long-term (losses) accumulated in taxable years beginning after 1981 in the computation of gain or (loss) for the current year. Enter here the long-term (loss) amount from your 1995 Mass. Schedule D, line 13D.

Line 11 1996 Adjusted Gross Long-term Capital Gains and (Losses)

Combine lines 9 and 10, and enter the total in line 11.If the result is a positive amount, enter on Form 2, line 33. If result is a (loss) complete lines 12-14.

Line 12 Long-term Capital Gains Tax Credit Available

If line 11 is a (loss), multiply line 11 by .05 (5%) and enter the result here and as a positive amount in Schedule B-1, line 1.

Line 13 Current Long-term Capital Gains Tax Credit

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

Line 14 Long-term Capital Gains Tax Credit Available for Carryover in 1997

Combine 12 and line 13.

Schedule E: Rental, Royalty and REMIC Income or (Loss)

Attach a copy of the U.S. Schedule E and U.S. Form 8582.

Rental income from property located in Massachusetts attributable to either a Massachusetts domiciliary, or to a resident decedent, is defined as Massachusetts source income and is taxed at 100%, regardless of the domicile of the beneficiary. In the case of a beneficiary domiciled in Massachusetts, rental income from real estate, wherever located, attributable to such beneficiary is taxed at 100%. In the case of a nonresident beneficiary, income from rental property located outside Massachusetts is not subject to taxation, unless it is accumulated for unknown or unascertained persons, or persons with uncertain interests.

For a decedent's estate, if the executor is authorized or directed in the will to occupy the decedent's realty and collect rents therefrom, or in the absence of a will, the court decree, appointing a temporary executor or administrator, authorizes the same, then to the extent of any income collected, it is reported in line 1. Generally, the income is reported on the Form 1 of the heir or devisee taking either title or control and possession of the property, because under Massachusetts law, title to real property vests immediately upon death in the devisee or heirs at law. The income is taxed on Form 2 only when the real estate is under administration or the person taking title or possession is the executor or administrator.

Line 1a Rental and Royalty Income or (Loss)

Enter in line 1a the total rental income or (loss) from U.S. Form 1040, Schedule E, Part I, line 26 and Part V, line 39.

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

Enter in line 1b the total Real Estate Mortgage Investment Conduit (REMIC) residual income or (loss) from U.S. Schedule E, Part IV, line 38.

Line 1 Subtotal

Combine lines 1a and 1b, and enter in line 1.

Line 2 Massachusetts Differences

Enter and explain any differences between rental, royalty and REMIC income on the Mass. return. Possible differences include part-year resident status or trust provisions. Massachusetts does not recognize the new U.S. income tax provisions for increased Section 179 expensing, the increased recovery period for the depreciation of nonresidential real property and the amortization of goodwill and other intangibles. 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 for when the property is disposed of or the deduction is used up.

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 TIR 88-12 or *Guide to Filing Your 1996 Massachusetts Income Taxes*.

Line 3 Abandoned Building Renovation Deduction

Massachusetts allows a deduction from income of 10% of the costs incurred in renovating certain buildings located in an Economic Opportunity Area (EOA). The buildings must be designated as abandoned and located in an EOA as determined 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 3 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.

Line 4 Total Rental, Royalty and REMIC Income or (Loss) for Mass.

Combine lines 1, 2 and 3. Enter in line 4 on Schedule E and on Form 2, line 15.

Schedule F: Credit for Income Taxes Paid to Other Jurisdictions

Complete Schedule F to calculate your credit for income taxes paid by you, by a partnership of which you are a partner or by an S corporation of which you are a shareholder, to another state or jurisdiction on income reported on Form 2. **Attach a copy of the complete return(s) filed in other jurisdictions.**

You are allowed to claim a credit for taxes paid to the following jurisdictions: **(a)** other states in the United States; **(b)** any territory or dependency of the United States (including Puerto Rico, the Virgin Islands, Guam, the District of Columbia); or **(c)** the Dominion of Canada or any of its provinces.

NOTE: Canada is the only foreign country for which you may claim a tax credit on Schedule F. First deduct any U.S. credit amount allowable.

The total credit which you calculate on Schedule F 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 file separate Schedule Fs if you had 5.95%, 12% and 5% income taxed by another jurisdiction. If you use Schedule F to calculate a credit for 12% or 5% income, substitute 12% or 5% for 5.95% in lines 1, 2 and 4. You must also substitute line 29 (12% income) or line 35 (5% income) for line 18 in Schedule F, line 2 and line 42 (12% tax) or line 44 (5% tax) for line 40 in Schedule F, line 4.

NOTE: When using Schedule F 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 6 Income Tax Paid to Other Jurisdictions

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 1041, Schedule G, line 2a. Credit is only allowable for amount of tax paid.

Schedule H: Expenses and Fiduciary Compensation

The Schedule H deductions apply to every executor, administrator, trustee, guardian, conservator, trustee in bankruptcy or receiver of a trust or estate, with the exception of a trustee of a pooled income fund or a trustee of a charitable remainder annuity or unitrust.

Schedule H Deductions are Specifically Allowed by Statute and are as Follows:

Fiduciaries may take an amortization deduction for premiums paid

Example A

A trust has $5,000 taxable interest and $3,500 U.S. bond interest. The trustee pays $25 for a safe deposit box and $125 for a surety bond. Of the $150 in expenses paid, 5,000/8,500 or $88.24 is deductible from 12% income. Please refer to the following formula:

Formula for determining the expense deduction against 12% income:

$$\frac{\textbf{total taxable 12\% income}}{\textit{total taxable \& nontaxable 12\% income}} \quad x \quad \textit{total expense} \quad = \quad \textit{expense deduction}$$

Finally, fiduciaries may deduct a portion of the compensation paid during the year as fiduciary compensation, limited to the compensation actually paid on 12% ***taxable*** *income, but not in excess of 7% of such income, limited to that portion of such income as is payable to/or accumulated for inhabitants of the Commonwealth or is accumulated for unborn or unascertained persons. No deduction is allowed for fiduciary compensation paid on nontaxable 12% income or 5.95% or 5% income.*

upon bonds held by the estate or trust, but only if the bond income is taxable.

In addition, fiduciaries may take a deduction for a portion of their expenses for safe deposit box rentals and surety bond premiums. These expenses must have been incurred and actually paid during the tax year covered by the return in order to be allowed as a deduction.

The deduction must be allocated between taxable and nontaxable 12% income, and only the **taxable** portion is deductible. No deduction is allowed against 5.95% or 5% income.

The deductible portion is calculated by computing the ratio of **taxable** 12% income, over total **taxable** and **nontaxable** 12% income, from all sources.

Expenses of Trustees in Bankruptcy: Ordinary and necessary business expenses of a trustee in bankruptcy engaged in the business of managing and liquidating a bankrupt estate are deductible against income taxed at 5.95%. The remainder of these expenses may be taken as an excess trade or business deduction (Schedule B, line 15) against interest and other income taxed at 12% as long as such income is derived from the trustee's investment of liquidated assets. Please note that these expenses are not deductible on Schedule H. They are to be reported on Mass. Schedule C-2, and a copy of Mass. Schedules C and C-2 must be attached to Form 2.

Part 1: Expense Deduction Computation: 12% Income

Line 1: Enter in line 1a the amount actually paid during the taxable year for safe deposit box rentals and in line 1b for premiums on surety bonds. Add lines 1a and 1b, and enter the total in line 1.

Line 2: Enter here the amount on Form 2, line 24. This is your total taxable 12% income for the year.

Line 3: Add Schedule B, lines 4, 11, 12, 13 and Form 2, line 26. Then subtract Schedule B, line 6. This is your total 12% income (taxable and nontaxable) for the year. If common trust fund interest and dividends are not included in Schedule B, line 4, add in the amount from Form 2, line 25.

Line 4: Divide line 2 by line 3, and enter the percentage here. This is your percentage of taxable 12% income to total 12% income for the year.

Line 5: Multiply your total expenses in line 1 by the percentage in line 4, and enter the result here and on Form 2, line 28a. This is the maximum expense deduction you are allowed against 12% income.

Example B

A trust has taxable 12% income of $10,000, 5.95% interest of $5,000 and long-term capital gains of $5,000. The compensation actually paid during the year on 12% income is $2,000. Of the $2,000 paid, the amount deductible from 12% income is limited to 7% or $700. This amount ($700) is less than $1,000 (10,000/20,000 x $2,000), or the actual amount paid on taxable income. Please refer to the following formulas:

Formula for determining fiduciary compensation deduction allowed against **taxable** *12% income:*

$$\frac{\textbf{total 12\% income}}{\textit{total 5.95\% \& 12\% \& 5\% income}} \quad x \quad \textit{fiduciary compensation actually paid on income} \quad = \quad \textit{fiduciary compensation actually paid on 12\% income}$$

$$\frac{\textbf{total taxable 12\% income}}{\textit{total taxable \& nontaxable 12\% income}} \quad x \quad \textit{fiduciary compensation (from above) actually paid on 12\% income} \quad = \quad \textit{fiduciary compensation deduction, but not in excess of 7\% of Form 2, line 27}$$

Part 2: Fiduciary Compensation Deduction Computation: 12% Income

Line 6a: Enter the fiduciary compensation allocated from and actually paid out of **income** during the taxable year.

Line 6b: Enter the fiduciary compensation allocated from and actually paid out of **principal** during the taxable year.

Line 6: Add lines 6a and 6b, and enter the total here. Please note that none of the following expenses are deductible on Form 2: estate administrative expenses, executor's expenses, executor's commissions, attorney fees, accountant fees and tax preparer fees.

Line 7: Enter here the amount from Form 2, line 18. This is your total 5.95% income for the year.

Line 8: Add Schedule B, lines 4, 11, 12, 13 and Form 2, line 26. Then subtract Schedule B, line 6. This is your total 12% income (taxable and nontaxable) for the year. If common trust fund interest and dividends are not included in Schedule B, line 4, add in the amount from Form 2, line 25.

Line 9: Enter the amount from Schedule D, line 1, less Schedule D, line 8.

Line 10: Add lines 7, 8 and 9, and enter the total here.

Line 11: Divide line 8 by line 10 and enter the percentage here. This is your percentage of taxable 12% income to total income (5.95%, 12% and 5% income) for the year.

Line 12: Multiply line 11 by line 6a, and enter the result here. This represents the amount of fiduciary compensation actually paid on 12% income. Compensation paid on 5.95% or 5% income is not deductible. If the fiduciary compensation on interest and dividends was paid from principal, then multiply line 11 by line 6b.

Line 13: Enter here the amount from Form 2, line 27.

Line 14: Enter the amount from line 8 above. This is your total 12% income (taxable and nontaxable) for the year.

Line 15: Divide line 13 by line 14, and enter the percentage here. This is your percentage of taxable 12% income to total 12% income for the year.

Line 16: Multiply line 15 by line 12, and enter the result here. This represents the amount of fiduciary compensation actually paid on taxable 12% income. Compensation allocated to nontaxable 12% income is not deductible.

Line 17: Enter here 7% of Form 2, line 27.

Line 18: Enter here and on Form 2, line 28b, the amount from line 16 or 17, whichever is smaller. This is the maximum fiduciary compensation deduction you are allowed to take against 12% income.

Form 20: Beneficiary's Claim of No Tax Status Exemption

Form 20, Beneficiary's Claim of No Tax Status Exemption, is used to apply a beneficiary's No Tax Status exemption on Form 2. If a beneficiary's Massachusetts adjusted gross income exceeds: \$8,000, if single; \$12,120, plus \$1,000 per dependent, if filing as head of household; or \$13,450, plus \$1,000 per dependent, if married filing a joint return, do not complete Form 20. If a beneficiary's Mass. adjusted gross income was under the applicable threshold and, after adding in the amount of fiduciary income paid to/or vested in the beneficiary remains below the threshold, then complete Form 20. Otherwise, there is no exemption carryover.

If the beneficiary filed a Massachusetts Individual Income Tax Return, file a complete copy with this Form 20. Otherwise, complete and file Form 1, lines 1 through 23 or Form 1NR/PY, lines 1 through 27, and Schedules B, D, E, X, Y, NTS-L-NR/PY (Form 1-NR/PY filers only), and C (if applicable) with Form 20.

> ***Example:***
> *John Taxpayer had \$3,000 in Form 1 Mass. adjusted gross income. In addition, he received \$3,500 of 12% dividend income from Y Trust. As the combined income is less than \$8,000, both the \$3,000 of Form 1 and \$3,500 of Form 2 income is exempt from tax. If the Y Trust income paid to the beneficiary was \$5,500, then only the Form 1 income of \$3,000 would qualify for the exemption as the total combined income of \$8,500, would exceed the No Tax Status threshold.*

Line 1, column b: Enter the amount paid to/or vested in the beneficiary from all other fiduciaries, Form 2, line 18.

Line 1, column c: Enter the amount paid to/or vested in the beneficiary from this fiduciary, Form 2, line 18.

Line 2, column b: Enter the amount paid to/or vested in the beneficiary from all other fiduciaries, Form 2, line 27.

Line 2, column c: Enter the amount paid to/or vested in the beneficiary from this fiduciary, Form 2, line 27.

Line 3, column b: Enter the amount paid to/or vested in the beneficiary from all other fiduciaries, Form 2, line 35.

Line 3, column c: Enter the amount paid to/or vested in the beneficiary from this fiduciary, Form 2, line 35.

Line 4, column a: Enter the amount from Form 1, AGI Worksheet, line 9; or Form 1-NR/PY, Schedule NTS-L-NR/PY, line 8.

Line 4, column b: Add the amounts in lines 1–3, column b, and enter the total here.

Line 4, column c: Add the amounts in lines 1–3, column c, and enter the total here.

Line 4, column d: Add the amounts in line 4, columns a through c, and enter the total here.

If the amount in line 4, column d, exceeds the No Tax Status exemption, there is no carryover amount.

Beneficiary's Declaration: The beneficiary, or beneficiary's legal guardian, must sign this form.

To Be Completed by the Trustee or other Fiduciary:

Line a: Enter the beneficiary's share of 5.95% income from Form 2, line 18. Include this amount on Form 2, line 20.

Line b: Enter the beneficiary's share of 12% income from Form 2, line 27. Include this amount on Form 2, line 31.

Line c: Enter the beneficiary's share of long-term capital gain from Form 2, line 35. Include this amount on Form 2, line 37.

Form 20A: Beneficiary's Claim for Exemptions Applicable to Fiduciary Income

Form 20A, Beneficiary's Claim for Exemptions Applicable to Fiduciary Income, allows a fiduciary to claim any unused exemptions to which a beneficiary is entitled and apply those exemptions against trust or estate income to which that beneficiary is entitled. (These exemptions can only offset fiduciary income which is vested in/or paid to the beneficiary.)

Form 20A must be filed along with a completed Form 1, Resident Income Tax Return, or Form 1-NR/PY, Nonresident or Part-Year Resident Income Tax Return, for each beneficiary who is claiming excess exemptions in the same tax year. U.S. Form 1040, Schedule A, Itemized Deductions, must also be filed if claiming excess itemized medical and dental expenses. Exemptions must be applied to income in the following order:

First, the exemptions are applied against the Form 1 or 1-NR/PY, **5.95% income**. Second, any unused exemptions are applied against the Form 2, **5.95% income**. Third, any remaining exemptions are then applied against the Form 1 or 1-NR/PY, **12% income**. Fourth, any remaining exemptions are applied against the Form 2, **12% income**. Fifth, any remaining exemptions are applied against the Form 1 or 1-NR/PY, **5% income**. Sixth, any remaining exemptions are applied against the Form 2, **5% income**.

Line 1, column d: Enter the total exemptions to which this beneficiary is entitled from Form 1, line 2f.

Line 2, column a: Enter the total 5.95% income from Form 1, line 17, before any exemptions are applied.

Line 2, column b: Enter the total 5.95% income from all other fiduciaries (Form 2, line 18) to which the beneficiary is entitled.

Line 2, column c: Enter all the 5.95% income from this fiduciary (Form 2, line 18) to which this beneficiary is entitled.

Line 2, column d: Add columns a through c, and enter the total in d.

Line 3, column a: Enter the amount of exemptions from line 1, column d, which are being applied against the beneficiary's Form 1, 5.95% income in line 2, column a, from Form 1, line 17.

Line 3, column b: Enter the amount of exemptions from line 1, column d, which are being applied against the beneficiary's other 5.95% fiduciary income in line 2, column b, from other fiduciaries' Form 2, line 18.

Line 3, column c: Enter the amount of exemptions from line 1, column d, which are being applied against the beneficiary's 5.95% income from this fiduciary (Form 2, line 18).

Line 3, column e: Add columns a through c, and enter the total here.

Line 4, column a: Subtract line 3, column a, from line 2, column a, and enter the result here.

Line 4, column b: Subtract line 3, column b, from line 2, column b, and enter the result here.

Line 4, column c: Subtract line 3, column c, from line 2, column c, and enter the result here.

Line 5, column d: Subtract line 2, column d, from line 1, column d, and enter the result here. If line 2, column d, is larger than line 1, column d, enter "0". This is the amount of remaining exemptions available for 12% income.

Line 6, column a: Enter the total 12% income from Form 1, Schedule B, line 18 less line 19, before any exemptions are applied.

Line 6, column b: Enter the total 12% income from all other fiduciaries (Form 2, line 27) to which the beneficiary is entitled.

Line 6, column c: Enter the total 12% income from this fiduciary (Form 2, line 27) to which the beneficiary is entitled.

Line 7, column a: Enter the amount of exemptions from line 5, column d, which are being applied against the beneficiary's Form 1, 12% income, from line 6, column a.

Line 7, column b: Enter the amount of exemptions from line 5, column d, which are being applied against the beneficiary's 12% income from other fiduciaries' from line 6, column b.

Line 7, column c: Enter the amount of exemptions from line 5, column d, which are being applied against the beneficiary's 12% income from this fiduciary from line 6, column c.

Line 8, column a: Subtract line 7, column a, from line 6, column a, and enter the result here.

Line 8, column b: Subtract line 7, column b, from line 6, column b, and enter the result here.

Line 8, column c: Subtract line 7, column c, from line 6, column c, and enter the result here.

Line 9, column d: Subtract line 6, column d, from line 5, column d. If line 6, column d is larger than line 5, column d, enter "0". This is the amount of the remaining unused exemptions.

Line 10, column a: Enter the total long-term capital gain from Form 1, Schedule D, line 8, before any exemptions are applied.

Line 10, column b: Enter the total long-term capital gain from all other fiduciaries (Form 2, line 35) to which the beneficiary is entitled.

Line 10, column c: Enter the total long-term capital gain from this fiduciary (Form 2, line 35) to which the beneficiary is entitled.

Line 11, column a: Enter the amount of exemptions from line 9, column d, which are being applied against the beneficiary's Form 1, long-term capital gain, from line 10, column a.

Line 11, column b: Enter the amount of exemptions from line 9, column d, which are being applied against the beneficiary's long-term capital gain from other fiduciaries' from line 10, column b.

Line 11, column c: Enter the amount of exemptions from line 9, column d, which are being applied against the beneficiary's long-term capital gain from this fiduciary from line 10, column c.

Line 12, column d: Subtract line 10, column d, from line 9, column d. If line 10, column d is larger, enter "0"; if smaller, enter the amount. This represents the remaining unused exemptions.

Line 13, column e: Add line 3, column e, line 7, column e, and line 11, column e, and enter the total here. This figure represents the total exemptions used.

Beneficiary's Declaration

The beneficiary, or beneficiary's legal guardian, must sign and date this form.

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

Use this table to calculate tax for taxable 5.95% income (line 39) of not more than $80,000.

Line 39 Instructions: To find your **Tax for 5.95% Income** (line 40), read down the tax table income column to the line containing the amount you entered in line 39. Then read across to the **TAX** column and enter this amount in line 40. If your taxable 5.95% income in line 39 is greater than $80,000, multiply the amount by .0595. Enter the result in line 40.

INCOME More than	INCOME 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	INCOME 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	INCOME 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	INCOME 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	INCOME 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	INCOME 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 is less than $9, your tax is "0."

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

INCOME More than	INCOME 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	INCOME 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	INCOME 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	INCOME 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	INCOME 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	INCOME 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
$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
$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
$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
$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
$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 39 by .0595.

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
- corporate trusts
- 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
- Teletype (TTY): (617) 887-6140
- Installment sales (617) 621-5249
- Small Business Workshop (617) 887-6100
- 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
100 Cambridge Street
Boston, Massachusetts 02204

Contents

Form 2 65M 12/96 D697B06 printed on recycled paper

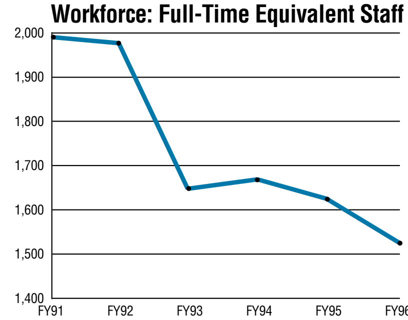
Dear Taxpayer:

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.

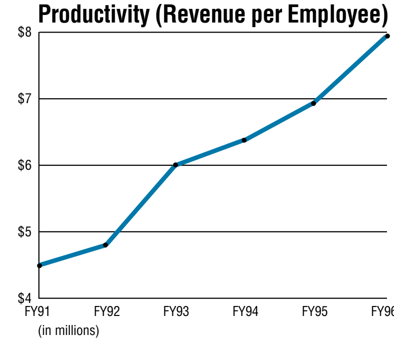
Imaging/data recognition, electronic funds transfer, interactive voice response, computer-assisted audit, PC filing and Telefile are now in full use. This extensive array of cutting-edge systems has permitted us to downsize from 2,000 employees to 1,500, while productivity has virtually doubled — from $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.

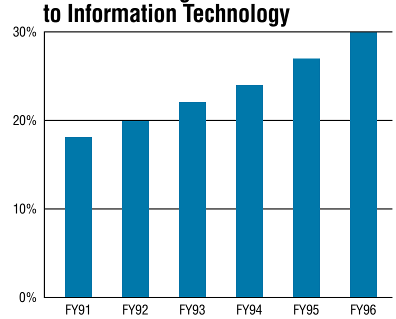
Workforce: Full-Time Equivalent Staff



Productivity (Revenue per Employee)



% of Total Budget Dedicated to Information Technology



(FY96 Budget = $105.6 million)

Sincerely,

Mitchell Adams
Commissioner