

Property:

Massachusetts: Disregarded Entity Under Corporate Excise Tax Doesn't Qualify for Property Tax Exemption

Case No. 21-P-967, Mass. Ct. App. (7/29/22). The Massachusetts Appeals Court (Court) affirmed a Massachusetts Appellate Tax Board holding that a single-member limited liability company (SMLLC) that chose to be classified as disregarded entity for federal income tax and state corporate excise tax purposes was *not* a "business corporation" subject to Massachusetts corporate excise tax under G. L. c. 63, § 39 and thus did *not* qualify for an exemption under G. L. c. 59, § 5 clause 16 (2) for purposes of paying certain local property taxes on coal and fuel oil that it owned. Under the facts, the SMLLC's coal and fuel oil were reported on a combined Massachusetts excise tax return that included schedules for numerous affiliated entities, and while the combined return did not include any schedules for the SMLLC itself, its coal and fuel oil were reported on a schedule for its parent company. The SMLLC unsuccessfully claimed that because the underlying subject property was reported on the combined Massachusetts excise tax return, it should have been exempt from local property taxation and that its own status as a disregarded entity should have had no effect on whether it qualified for the exemption. In holding against the taxpayer, the Court looked to the legislative history and related Massachusetts statutes and concluded that the Massachusetts Legislature did not intend the personal property tax exemption at issue to extend to the disregarded entity. Please contact us with any questions.

URL: <https://www.mass.gov/files/documents/2022/07/29/w21P0967.pdf>

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