

Income/Franchise:

Massachusetts DOR Addresses New Entity-Level Taxation for Some Pass-through Entities

Elective Pass-Through Entity Tax Guidance and FAQs, Mass. Dept. of Rev. (12/21/22). The Massachusetts Department of Revenue (Department) released updated guidance addressing state law [see H. 4009 (2021) and previously issued Multistate Tax Alert for more details on this new law] that provides an election for some “eligible pass-through entities (PTEs)” to pay an entity-level excise tax (PTE Excise) on qualified income that is taxable in Massachusetts at a rate of 5%, applicable for taxable years beginning on or after January 1, 2021. The guidance addresses eligibility to pay the new tax, how to make the election, underlying income tax credit eligibility and allowance, including and reporting taxable income, how to file and calculate the new tax, and making estimated payments. Please contact us with any questions.

URL: <https://www.mass.gov/info-details/elective-pass-through-entity-excise>

URL: <https://malegislature.gov/Bills/192/H4009>

URL: <https://www2.deloitte.com/content/dam/Deloitte/us/Documents/Tax/us-tax-mta-massachusetts-enacts-pass-through-entity-tax-election.pdf>

— Bob Carleo (Boston)
Managing Director
Deloitte Tax LLP
rcarleo@deloitte.com

Alexis Morrison-Howe (Boston)
Principal
Deloitte Tax LLP
alhowe@deloitte.com

Roburt Waldow (Minneapolis)
Principal
Deloitte Tax LLP
rwaldow@deloitte.com

Shawn David (Boston)
Senior Manager
Deloitte Tax LLP
shdavid@deloitte.com

Ian Gilbert (Boston)
Senior Manager
Deloitte Tax LLP
iagilbert@deloitte.com

Shirley Wei (Los Angeles)
Senior Manager
Deloitte Tax LLP
shiwei@deloitte.com

Tyler Greaves (Boston)
Manager
Deloitte Tax LLP
tgreaves@deloitte.com

Olivia Schulte (Washington, DC)
Manager
Deloitte Tax LLP
oschulte@deloitte.com

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