

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

This communication contains general information only, and none of Deloitte Touche Tohmatsu Limited (“DTTL”), its global network of member firms or their related entities (collectively, the “Deloitte organization”) is, by means of this communication, rendering professional advice or services. Before making any decision or taking any action that may affect your finances or your business, you should consult a qualified professional adviser.

No representations, warranties or undertakings (express or implied) are given as to the accuracy or completeness of the information in this communication, and none of DTTL, its member firms, related entities, employees or agents shall be liable or responsible for any loss or damage whatsoever arising directly or indirectly in connection with any person relying on this communication. DTTL and each of its member firms, and their related entities, are legally separate and independent entities.

About Deloitte

Deloitte refers to one or more of Deloitte Touche Tohmatsu Limited (“DTTL”), its global network of member firms, and their related entities (collectively, the “Deloitte organization”). DTTL (also referred to as “Deloitte Global”) and each of its member firms and related entities are legally separate and independent entities, which cannot obligate or bind each other in respect of third parties. DTTL and each DTTL member firm and related entity is liable only for its own acts and omissions, and not those of each other. DTTL does not provide services to clients. Please see www.deloitte.com/about to learn more.

Deloitte provides industry-leading audit and assurance, tax and legal, consulting, financial advisory, and risk advisory services to nearly 90% of the Fortune Global 500[®] and thousands of private companies. Our professionals deliver measurable and lasting results that help reinforce public trust in capital markets, enable clients to transform and thrive, and lead the way toward a stronger economy, a more equitable society and a sustainable world. Building on its 175-plus year history, Deloitte spans more than 150 countries and territories. Learn how Deloitte’s approximately 415,000 people worldwide make an impact that matters at www.deloitte.com.