

Income/Franchise:

Massachusetts: New Law Contains Significant Tax Law Changes Including Single Sales Factor Adoption

H.B. 4104, signed by gov. 10/4/23. Effective for tax years beginning on or after January 1, 2025, new law adopts single sales factor apportionment for all corporations and partnerships, including financial institutions. Previously, most corporations operating in Massachusetts apportioned income using a three-factor apportionment formula consisting of property, payroll, and double-weighted sales, unless they fell into one of the specific industry apportionment rules requiring a different approach, such as manufacturers or financial institutions. The new law also provides a reduction in the short-term capital gains rate and requires that married couples filing jointly for federal income tax purposes do so for Massachusetts purposes. Moreover, the legislation requires the Massachusetts Department of Revenue to analyze the potential impact of implementing an elective additional 4% passthrough entity tax ("PTE Tax") to align with the 4% surcharge on individual income in excess of \$1 million.

URL: <https://malegislature.gov/Bills/193/H4104>

See recently issued Multistate Tax Alert for more details on this legislation, and please contact us with any questions.

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