

## Income/Franchise:

### Massachusetts: Draft Release Summarizes Newly Enacted Single Sales Factor and Financial Institution Apportionment Provisions

*Working Draft TIR: Provisions in the 2023 Tax Relief Legislation*, Mass. Dept. of Rev. (1/5/24). The Massachusetts Department of Revenue posted a working draft technical information release (“draft TIR”) for practitioner comment, explaining certain provisions included in the 2023 tax relief legislation entitled “An Act to Improve the Commonwealth’s Competitiveness, Affordability, and Equity” (the “Act”) [see H.B. 4104 (2023), and previously issued Multistate Tax Alert for more details on this legislation]. Regarding the state tax law changes “affecting only G.L. c. 63 taxpayers,” the draft TIR explains Massachusetts’ move to single sales factor apportionment for all business corporations and financial institutions, and the financial institution apportionment of investment and trading income, which are effective “for tax years beginning on or after January 1, 2025.” The draft TIR explains that the Act changes the method by which financial institutions are required to source receipts from investment and trading assets and activities – providing that the amount of such receipts included in the numerator of the sales factor is determined by multiplying the total of such receipts by a fraction, the numerator of which is the financial institution’s receipts, other than receipts from investment and trading assets and activities, sourced to Massachusetts and the denominator of which is the financial institution’s total receipts, other than receipts from investment and trading assets and activities – and “there is no elective variation on this rule.” The draft TIR also addresses some other provisions in the Act, including the reduction in the short-term capital gains rate. Please contact us with any questions.

**URL:** <https://www.mass.gov/technical-information-release/working-draft-tir-provisions-in-the-2023-tax-relief-legislation>

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

**URL:** <https://www2.deloitte.com/content/dam/Deloitte/us/Documents/Tax/us-tax-multistate-tax-alert-massachusetts-adopts-significant-tax-legislation-including-adoption-of-single-sales-factor-in-2025.pdf>

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

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

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

Tyler Greaves (Boston)  
Senior Manager  
Deloitte Tax LLP  
tgreaves@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](http://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](http://www.deloitte.com).