

Income/Franchise:

Massachusetts DOR Says Banks are Eligible for Research Tax Credits and May File Claims on Amended Returns or Abatement Applications

Technical Information Release (TIR) 25-3: Financial Institution Eligibility to Claim Research Tax Credit, Mass. Dept. of Rev. (5/9/25). The Massachusetts Department of Revenue (Department) posted a technical information release (TIR 25-3) explaining its position on a 2024 Massachusetts Appellate Tax Board (Board) decision [see *State Tax Matters*, Issue 2024-35, for more details on this 2024 decision], which had granted summary judgment in favor of a bank filing combined Massachusetts financial institution excise tax returns that state law does *not* limit eligibility for the Massachusetts research credit to just business corporations taxed under the state corporate excise tax. TIR 25-3 explains that pursuant to this 2024 Board decision, “all business corporations subject to an excise under M.G.L. c. 63 are allowed to claim the M.G.L. c. 63, § 38M research credit” – including all financial institutions that are subject to the excise under M.G.L. c. 63, § 2. Recognizing that the Board’s 2024 decision “may prompt financial institutions to file amended returns to claim the M.G.L. c. 63, § 38M research credit,” TIR 25-3 states that it will *not* enforce “Proposed 830 CMR 63.38M.2(8)(a)” – which currently provides that a corporation computing its credit using the alternative simplified method under 830 CMR 63.38M.2(8) for a taxable year must indicate its use of such method when filing the original return for the taxable year and *not* on an amended return or an abatement application – and thus “will allow the use of the alternative simplified method on an amended return or an abatement application” pursuant to the decision. To this end, the Department states that it intends to repropose 830 CMR 63.38M.2 “to render it consistent with the Board’s decision” and TIR 25-3. Please contact us with any questions.

URL: <https://www.mass.gov/technical-information-release/tir-25-3-state-street-corporation-v-commissioner-of-revenue-financial-institution-eligibility-to-claim-research-tax-credit>

URL: https://dhub.deloitte.com/Newsletters/Tax/2024/STM/240830_5.html

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