

## Income/Franchise:

### Massachusetts: Release Summarizes 2024 Legislation that Revised Apportionment Provisions for Companies Without a Sales Factor

*Technical Information Release (TIR) No. 25-5: Tax Provisions in Certain Massachusetts Legislation Enacted in 2024*, Mass. Dept. of Rev. (6/5/25). The Massachusetts Department of Revenue posted a technical information release (“TIR 25-5”) that summarizes tax provisions in certain Massachusetts legislation enacted in 2024 – including revisions to Mass. Gen. Laws. c. 63, § 38(g) related to Massachusetts’ move to single sales factor apportionment for business corporations for tax years beginning on or after January 1, 2025, which removed older language pertaining to a missing factor(s) and provided newer language that uses a taxpayer’s property and payroll when “the sales factor is inapplicable” [see H.B. 5077 (2024), and *State Tax Matters*, Issue 2025-1, for more details on this 2024 legislation]. According to TIR 25-5, pursuant to this 2024 legislation, certain corporations (*i.e.*, business corporations other than financial institutions) may be required to base their apportionment on the percentage of their property and payroll in Massachusetts for tax years when those corporations’ sales factors are inapplicable. Specifically, TIR 25-5 explains that the sales factor of such a corporation is inapplicable if:

**URL:** <https://www.mass.gov/technical-information-release/tir-25-5-tax-provisions-in-certain-massachusetts-legislation-enacted-in-2024>

**URL:** <https://malegislature.gov/Bills/193/H5077>

**URL:** [https://dhub.deloitte.com/Newsletters/Tax/2025/STM/250110\\_7.html](https://dhub.deloitte.com/Newsletters/Tax/2025/STM/250110_7.html)

- Both its numerator and denominator are zero;
- The denominator is less than 10% of one third of the taxable net income; or
- It is otherwise determined by the Massachusetts Commissioner of Revenue to be insignificant in producing income.

TIR 25-5 also clarifies that this 2024 legislation “does not affect the computation of the receipts factor for purposes of determining the apportionment percentage for financial institutions.”

TIR 25-5 addresses a number of other tax provisions including, but not limited to, those in “An Act Relative to Strengthening Massachusetts’ Economic Leadership;” “An Act Promoting a Clean Energy Grid, Advancing Equity and Protecting Ratepayers;” and “An Act Making Appropriations for the Fiscal Year 2024 to Provide for Supplementing Certain Existing Appropriations and for Certain other Activities and Projects” that pertain to credits available to taxpayers subject to the income tax, G.L. c. 62, and the corporate excise tax, G.L. c. 63, as well as corporate excise apportionment rules provided by G.L. c. 63, § 38, and exemptions from the sales and use tax, G.L. c. 64H and G.L. c. 64I. Please contact us with any questions.

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