

MEMO# 9764

March 18, 1998

DRAFT MASSACHUSETTS REGULATIONS ON THE TAXATION OF MUTUAL FUND SERVICE COMPANIES

1 See Institute Memorandum to Tax Members No. 38-96 and Massachusetts Members, dated August 14, 1996. [9764] March 18, 1998 TO: TAX COMMITTEE No. 11-98
MASSACHUSETTS MEMBERS RE: DRAFT MASSACHUSETTS REGULATIONS ON THE TAXATION
OF MUTUAL FUND SERVICE COMPANIES

As you may recall, in 1996 Massachusetts enacted legislation that lowers the taxes of certain corporations providing management, distribution or administrative services to investment companies that qualify as regulated investment companies ("RICs") for federal income tax purposes.¹ For companies that satisfy the eligibility requirements, the legislation modifies the formula for determining the portion of a company's income from rendering services to RICs that is attributable to Massachusetts by providing that income will be apportioned based solely on the percentage of RIC shareholders that are domiciled in Massachusetts. The Massachusetts Department of Revenue is working on regulations that explain the new provisions, and the Department of Revenue sent us the attached working draft of the regulations to distribute to our members. The person at the Department of Revenue to contact if you have any questions or comments on the working draft is Rosann M. Hansen, Counsel, Rulings and Regulations Bureau, Massachusetts Department of Revenue, 100 Cambridge Street, PO Box 9689, Boston, Massachusetts 02114. Ms. Hansen's telephone number is (617) 626-3251. Anne M. Barr Associate Counsel Attachment

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