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## Letter Ruling 80-2: Reorganization of Corporate Trust as Corporation

January 8, 1980

This is in reply to your recent letter requesting a ruling on behalf of \*\*\*\*\* ("Trust") with respect to the Massachusetts income tax consequences of the Trust's proposed change of legal status from that of a Massachusetts business trust to a Delaware business corporation.

The Trust was organized as a corporate trust with transferable shares of beneficial interest, under the laws of the Commonwealth of Massachusetts, pursuant to a Declaration of Trust dated May 15, 1969. Under the Declaration of Trust, the Trustees are authorized to invest in first mortgage loans and to a limited extent, in junior mortgages, equity interest in real property, interests in equity securities of companies engaged in real estate development, construction and management and other securities. The Trust initially operated as a construction and mortgage lender; it is now primarily a real estate operating company. As of July 31, 1979, the Trust had 4,811,748 shares of beneficial interest issued and outstanding. Each share has a par value of \$1.00.

The trustee of the Trust and its shareholders propose to form a Delaware business corporation, ("Corporation"). The Corporation will issue 100 shares of its common stock, \$1.00 par value to the Trust in exchange for \$100.00. Prior to the proposed merger, the Corporation will not issue any other shares, hold any other assets or engage in any trade or business.

The Trust's Declaration of Trust will be amended to authorize a merger with the Corporation. Pursuant to Delaware General Corporation Law the Trust will merge with the Corporation and by virtue of the merger, the separate existence of the Trust will cease and the Corporation will be the sole surviving entity. Each outstanding Trust share will be deemed to be converted into one share of the Corporation's common stock and all of the assets and liabilities of the Trust will become assets and liabilities of the Corporation. The Corporation will continue the Trust's business and assume the same rights and obligations as the Trust.

It is the opinion of Counsel for the Trust that the proposed plan constitutes a reorganization within the meaning of Section 368(a)(1)(F) of the Code ("a mere change in identity, form or place of organization, however effected").

Based on the foregoing it is ruled that:

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1. The proposed plan will be treated as a reorganization for purposes of Massachusetts General Laws Chapter 62 to the extent that it is a reorganization under Section 368 of the Internal Revenue Code.

2. The Trust will recognize no gain or loss for Massachusetts tax purposes under General Laws Chapter 62 provided no gain or loss is recognized for federal income tax purposes pursuant to Section 357(a) and 361(a) of the Code.

Very truly yours,

/s/L. Joyce Hampers

L. Joyce Hampers  
Commissioner of Revenue

LJH/RSF/jmcd

LR 80-2