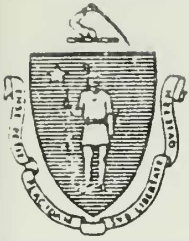


# The Commonwealth of Massachusetts



L. JOYCE HAMPERS  
COMMISSIONER

Department of Revenue

Leverett Saltonstall Building,

100 Cambridge Street, Boston 02204

March 25, 1980

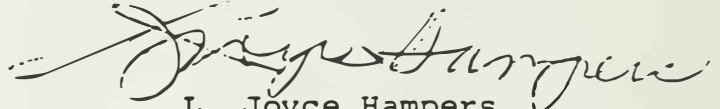
You inquire as to the procedure for reporting for Massachusetts tax purposes of periodic distributions made by the \_\_\_\_\_ bank as custodian under Individual Retirement Accounts (IRA).

Massachusetts General Laws Chapter 62C, Section 8 requires every entity doing business in Massachusetts to report annually to the Commissioner the names and addresses of all residents of the Commonwealth and other persons to whom it has paid any income subject to taxation under Chapter 62 during the preceding year on the same basis as is required by the federal government under the Internal Revenue Code. The report shall also state the amount of such income so paid by it. The same basis of reporting shall be utilized for income that is subject to taxation under Chapter 62 but is not subject to taxation under the Code.

Contributions to an IRA are included in Massachusetts gross income at the time they are earned by the taxpayer. Payments received from an IRA may be deducted until the aggregate amount deducted equals the aggregate amount previously taxed (General Laws Chapter 62 Section 2(a)(2)(f)). The remainder is taxable. For federal income tax purposes all payments received from an IRA are taxable.

The Internal Revenue Service requires custodian banks making periodic IRA distributions to file Form W2-P indicating the amount of the distribution. Massachusetts requires custodian banks to submit a copy of Form W2-P. If the IRA distribution is either totally or partially exempt from taxation, the portion of the distribution which represents a return of contribution, and is thus non-taxable, should be indicated on the copy of the Form W2-P which is filed with the Department of Revenue.

Very truly yours,

A handwritten signature in cursive script, appearing to read "L. Joyce Hampers".

L. Joyce Hampers,  
Commissioner of Revenue

LJH/RSF/jmcd

LR 80-13