

# *The Commonwealth of Massachusetts*

*Department of Revenue*

*Leverett Saltonstall Building,*

*100 Cambridge Street, Boston 02204*



L. JOYCE HAMPERS  
COMMISSIONER

October 1, 1980

You represent a taxpayer who is presently a Wisconsin resident who is planning to move to Massachusetts. He will sell his Wisconsin home and purchase a home in Massachusetts. Wisconsin income tax law provides that a taxpayer who sells his Wisconsin residence and purchases a residence out-of-state is taxed on the gain in the year of the sale of the Wisconsin residence (Wisc. St., Sec. 71.05).

You inquire as to what the basis of the taxpayer's Massachusetts residence will be for Massachusetts income tax purposes.

Under Section 1034(a) of the Internal Revenue Code ("Code"), if property used by a taxpayer as his principal residence is sold by him and within a period beginning eighteen months before the date of sale and ending eighteen months after such date a new residence is purchased and used by the taxpayer as his principal residence, any gain from the sale shall be recognized only to the extent that the taxpayer's adjusted sales price of the old residence exceeds the taxpayer's cost of purchasing the new residence.

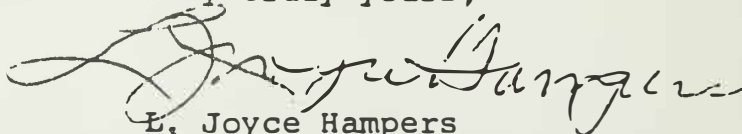
Section 1034(e) of the Code states that in determining the taxpayer's adjusted basis in the new residence, at any time following the sale of his old residence, the basis of the new residence shall be reduced by an amount equal to the amount of gain which has not been recognized on the sale of the old residence.

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Massachusetts gross income is federal gross income with certain modifications (General Laws Chapter 62, Section 2). Since Massachusetts has no provisions which modify the rules for determining the basis of real property under Section 1034 of the Code, the Massachusetts basis of the property will be the same as the federal basis.

Based on the foregoing it is ruled that the taxpayer's Massachusetts basis for determining gain on the sale or exchange of his Massachusetts residence will be reduced by the amount of gain which was not recognized for federal purposes upon the sale of the Wisconsin residence,

Very truly yours,



E. Joyce Hampers  
Commissioner of Revenue

LJH:RSF:mf