

The Commonwealth of Massachusetts

Department of Revenue

Lowell Patterson Building.

100 Cambridge Street, Boston 02204

L. JOYCE HAMPERG
COMMISSIONER

January 4, 1982

("Parent Trust") and ("Subsidiary Trust") are Massachusetts corporate trusts that propose to merge into a Massachusetts business corporation. You inquire as to the Massachusetts tax treatment of the proposed plan.

The Parent Trust is a trust with transferable shares organized under a declaration of trust dated August 24, 1955.

The Subsidiary Trust is a trust with transferable shares and is organized under a declaration of trust dated December 16, 1956. The Parent Trust owns 98.42% of the Subsidiary Trust's outstanding shares.

The trustees of the Parent Trust propose to form a Massachusetts business corporation named ("Corporation"). Pursuant to Massachusetts General Laws Chapter 156B, Section 83, the Parent Trust will be merged into the Corporation and then the Subsidiary Trust will be merged into the Corporation.

Under the proposed plan, the minority shareholders of the Subsidiary Trust will receive money in exchange for their shares.

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A Massachusetts corporate trust is subject to taxation under General Laws Chapter 62. General Laws Chapter 62, Section 8(a) provides that the Massachusetts adjusted gross income of a corporate trust is determined as if it were a resident natural person, provided, however, that for purposes of any determination involving sections 351 through 368 of the Internal Revenue Code, any corporate trust shall be treated as a corporation.

Based on the foregoing, it is ruled that:

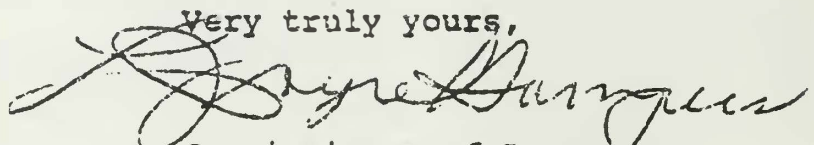
1. The proposed plan will be treated as a reorganization for purposes of General Laws Chapter 62, Section 8 provided that it is a reorganization under Section 368 of the Code.

2. Neither the Parent Trust, the Subsidiary Trust, nor the Corporation will recognize any gain or loss for Massachusetts tax purposes under General Laws Chapter 62 or Chapter 63 provided no gain or loss is recognized for federal income tax purposes.

3. The shareholders, other than the minority shareholders of the Subsidiary, will recognize no gain or loss for Massachusetts income tax purposes under Chapter 62 or Chapter 63 provided that no gain or loss is recognized for federal tax purposes.

4. The minority shareholders of the Subsidiary Trust who are subject to taxation under Chapter 62 will recognize gain or loss for Massachusetts income tax purposes under Chapter 62 to the extent that gain or loss is recognized for federal income tax purposes.

Very truly yours,



Commissioner of Revenue

LJH:JD:mj

LR 82-2