

The Commonwealth of Massachusetts



Department of Revenue

Leverett Saltonstall Building,

100 Cambridge Street, Boston 02204

October 12, 1982

This is in reply to your letter of September 29, 1982, requesting rulings with respect to the Massachusetts income tax consequences of Unit Trusts - Series \overline{Y} and \overline{Z} ("Series \overline{Y} and \overline{Z} Trusts") now being organized by your client, ("Sponsor").

This office has issued a ruling regarding Unit Trusts - Series $\overline{F-X}$ (the "New York Trusts"). Like the New York Trusts, the Series \overline{Y} and \overline{Z} Trusts will be organized in the form of unit investment trusts established under the laws of the State of New York. The trustee of the Series \overline{Y} and \overline{Z} Trusts will be a New York corporation, and the Series \overline{Y} and \overline{Z} Trusts' principal place of business will be in New York City. All of the business of the Series and Trusts will be conducted in the City of New York and all of their assets will be located there. Distributions to Certificateholders will be made from the City of New York. None of the Series \overline{Y} and \overline{Z} Trusts will have an office in the Commonwealth of Massachusetts. Beneficial interest or shares in the Series \overline{Y} and \overline{Z} Trusts will be represented by transferable certificates. Such certificates will be offered and sold primarily to residents of Massachusetts. However, there is no requirement that Certificateholders be residents of Massachusetts.

The Series \overline{Y} and \overline{Z} Trusts will be organized to hold bonds the interest on which is exempt from federal and Massachusetts personal income taxes. The Series \overline{Y} and \overline{Z} Trusts will invest primarily in bonds of the Commonwealth of Massachusetts, its political subdivisions, and their agencies and instrumentalities. However, bonds issued by the Government of Puerto Rico or by its authority may also be included.

In addition to the investments described above, the Series \overline{Y} and \overline{Z} Trusts may also invest up to, but not more than, 10% of

their total assets in shares of one or more previous series of Unit Trusts (the "Previous Trusts") which Sponsor has organized. This office has previously ruled on the Massachusetts income tax consequences of each of the Previous Trusts in which the Series Y and Z Trusts may invest. Among the Previous Trusts in which the Series Y and Z Trusts may invest are the Unit Trusts - Series A-E (the "Massachusetts Trusts"). The trustee of the Massachusetts Trusts is a Massachusetts bank.

The Massachusetts Trusts are organized under the laws of the Commonwealth of Massachusetts and their principal place of business is in Massachusetts.

The Trustee of the Series Y and Z Trusts will not have authority to vary the original portfolio of investments purchased by the Trusts. Accordingly, under Section 301.7701-4(c) of the U.S. Treasury Regulations, the Series Y and Z Trusts will be treated as trusts for federal income tax purposes and not as "associations" taxable as corporations. Moreover, since each Certificateholder will have the right at any time to revoke his interest in the trusts by having his certificate redeemed, the Series Y and Z Trusts will be treated for federal income tax purposes as "grantor trusts" under Section 676(a) of the Internal Revenue Code of 1954.

Certificateholders in the Series Y and Z Trusts will be afforded the opportunity to automatically reinvest principal and income distributions in units of other Massachusetts Tax Exempt Unit Trusts established by Sponsor.

Based on the foregoing, it is ruled that:

1. For Massachusetts personal income tax purposes, the Series Y and Z Trusts will be treated as corporate trusts under Section 8 of Chapter 62 of the Massachusetts General Laws and not as grantor trusts under Section 10(e) of Chapter 62 of the Massachusetts General Laws.

2. The proposed activities of the Series Y and Z Trusts will not constitute doing business in the Commonwealth of Massachusetts within the meaning of Section 8 of Chapter 62 of the Massachusetts General Laws; therefore the Series Y and Z Trusts will not be subject to Massachusetts income taxation under Chapter 62 of the Massachusetts General Laws.

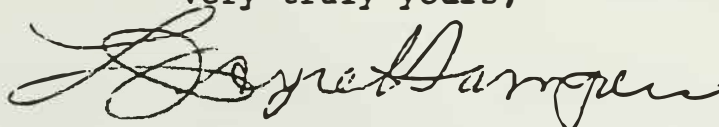
3. Certificateholders of the Series Y and Z Trusts who are subject to Massachusetts income taxation under Chapter 62 of the Massachusetts General Laws will be required to include in their Massachusetts gross income as capital gains or capital losses all capital gains and capital losses includible in

their federal gross income as a result of their ownership of an interest in the Series \overline{Y} and \overline{Z} Trusts, except (a) capital gains or capital losses realized by a Massachusetts Trust, which capital gains or capital losses will be included in the Massachusetts gross income of such Massachusetts Trust and (b) capital gains and capital losses on the sale or exchange of any bond of the Commonwealth of Massachusetts and its political subdivisions, their agencies and instrumentalities, if such capital gains or capital losses are specifically exempted from taxation in Massachusetts by the act authorizing the issuance of the bonds.

4. Interest received by the Series \overline{Y} and \overline{Z} Trusts or any Previous Trust on bonds of the Commonwealth of Massachusetts and its political subdivisions, their agencies and instrumentalities, and on bonds issued by the Government of Puerto Rico or by its authority will not be includible in the Massachusetts gross income of any of such Trusts or their Certificateholders.

5. Certificateholders of the Series \overline{Y} and \overline{Z} Trusts who are subject to Massachusetts personal income taxation under Chapter 62 of the Massachusetts General Laws will not be required to include in their Massachusetts gross income distributions by or received from the Series \overline{Y} and \overline{Z} Trusts or any Previous Trust.

Very truly yours,



Commissioner of Revenue

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