

The Commonwealth of Massachusetts

Department of Revenue

Leverett Saltonstall Building,

100 Cambridge Street, Boston 02204

Ira A. Jackson
Commissioner

September 8, 1983

You request a ruling as to the Massachusetts income tax treatment of the proposed liquidation of a Massachusetts realty trust, wholly owned by the ("Parent"), a Massachusetts corporation.

The Trust was organized on December 14, 1962, as a Massachusetts corporate trust with transferable shares for the purpose of acquiring, holding, improving, managing, and dealing in real estate. Under the proposed plan of liquidation, governed by Internal Revenue Code Section 332, all of the trust's assets, subject to its liabilities, will be transferred to the Parent in exchange for the cancellation of the shares of the trust.

The trust is a corporate trust subject to Massachusetts income taxation. (G.L. c. 62, ss. 1(j), 8). For federal income tax purposes, the trust is an association taxable as a corporation (I.R.C. s. 7701(a)(3)). For Massachusetts income tax purposes, the adjusted gross income of a corporate trust is redetermined as if it were a resident natural person, provided, however, that for purposes of any determination involving Internal Revenue Code Sections 351 through 368 a corporate trust is treated as a corporation. (G.L. c. 62, s. 8(a)).

For federal income tax purposes, no gain or loss will be recognized by the corporate trust on the distribution of its property in complete liquidation. (I.R.C. s. 336(a)).

The Massachusetts gross income of a corporation is federal gross income with certain modifications not relevant here. (G.L. c. 63, s. 30(5)(a)). For federal income tax purposes,

no gain or loss is recognized on the receipt by the parent corporation of property distributed in complete liquidation of its subsidiary, if the parent owns at least 80% of the subsidiary's stock and the total property transfer is completed within three years. (I.R.C. s. 332).

Property received by a corporation in a complete liquidation to which Code Section 332 applies will have a basis equal to the basis of the property in the hands of the liquidating subsidiary corporation. (I.R.C. s. 334(b)(1)).

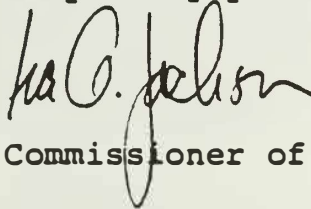
Based upon the foregoing, it is ruled:

(1) For Massachusetts income tax purposes, no gain or loss will be recognized by the Trust on the distribution of its property to the Company, its corporate parent, in complete liquidation.

(2) For Massachusetts corporate tax purposes, no gain or loss will be recognized by the Company on its receipt of the property distributed in complete liquidation of Trust, its 100% owned subsidiary, provided no gain or loss is recognized for federal income tax purposes.

(3) For Massachusetts corporate tax purposes, the basis of the property received by the Company on the liquidation of Trust will be the same as its basis for federal income tax purposes.

Very truly yours,



Commissioner of Revenue

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