



IRA A. JACKSON
COMMISSIONER

The Commonwealth of Massachusetts
Department of Revenue
Leverett Saltonstall Building
100 Cambridge Street, Boston 02204

August 12, 1985

You request on behalf of ("Company"), a Massachusetts corporation, the tax consequences of an Internal Revenue Code ("Code") Section 368(a)(1)(F) reorganization of the Company into a trust. The trust will be organized under a declaration of trust and will issue transferable shares. You also ask whether the trust will be taxed as a corporate trust under Massachusetts General Laws, Chapter 62, Section 8.

The declaration of trust provides that the trustees intend to create a Massachusetts business trust to receive all of the Company's assets, including its business and goodwill. The trustees are to hold all the property in trust for the benefit of the holders (the "beneficiaries") of certificates of beneficial interest (the "units"). Each shareholder of the Company will exchange his or her stock in the Company for units of the trust. The units will be distributed in liquidation of the Company on the basis of one unit of the trust for each share of Company stock held by the Company shareholder. The Company will then be dissolved. A ruling has been requested from the Internal Revenue Service that the reorganization qualifies under Code § 368(a)(1)(F).

General Laws Chapter 62, Section 1(j) defines a corporate trust as "any partnership, association or trust, the beneficial interest of which is represented by transferable shares." Chapter 62, Section 8(a) states that a corporate trust engaged within the Commonwealth in any business, activity or transaction, whether or not it maintains an office or place of business within the Commonwealth, is subject to the taxes imposed by Chapter 62. The trust will

be organized under a declaration of trust, and the shares of beneficial interest are transferable. Therefore the trust will be a corporate trust as defined in G.L. c. 62, § 1(j). It will be subject to taxation in accordance with G.L. c. 62, § 8.

We have previously ruled in Letter Ruling 85-3 (a copy of which is enclosed) that for Massachusetts income tax purposes no gain or loss will result to the previous corporation, to the shareholders or to the successor business trust as a result of a Code § 368(a)(1)(F) reorganization. Similarly, no gain or loss will result to the trustee or the beneficiaries for Massachusetts income tax purposes as a result of such reorganization. Provided that the transaction is treated as a Code § 386(a)(1)(F) reorganization for federal income tax purposes, the Massachusetts income tax consequences of such reorganization are those explained above.

Very truly yours,



Commissioner of Revenue

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