

Learn about the filing requirements for dividends and interest

You may have filing requirements for dividends and interest. Learn what they are.

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Overview

Dividend is any item of federal gross income treated as a dividend under the [Internal Revenue Code](#). Generally, it's a distribution made by a corporation to its shareholders of company earnings and profits.

Ordinary dividend has the same meaning as a dividend.

Interest has the same meaning as in Code Section 163 including all amounts treated as interest by virtue of the operation of other Code sections.

Massachusetts Treatment of Interest from Bonds and Obligations

Federal gross income does not include interest income from state and local obligations. These excluded amounts are reported for informational purposes only on the federal return.

Massachusetts gross income includes interest income from state and local obligations to the extent such interest is excluded from federal gross income. Massachusetts gross income doesn't include interest income from obligations issued by Massachusetts or any political subdivision.

Amounts *excluded* from federal gross income and reported for informational purposes only on the federal return are reported on Massachusetts Schedule B, Line 1 (including interest income from obligations issued by Massachusetts or any political subdivision).

Interest that is excluded from Massachusetts gross income will be subtracted on Massachusetts Schedule B, line 6.

Additionally, Massachusetts gross income doesn't include interest on obligations of the United States to the extent such interest is included in federal gross income. These *excluded* amounts also are reported on Schedule B, Line 1 and subtracted out on Schedule B, Line 6.

Interest that qualifies as Massachusetts bank interest qualifies may be exempt up to \$100, or \$200 depending on your filing status.

Threshold for Filing Mass Schedule B

Massachusetts Follows Federal Filing Requirements for Dividends Only

Taxpayers don't need to file Federal Schedule B if they have ordinary dividend income of \$1,500 or less.

Massachusetts Requirement to File Schedule B for Interest

As in previous years, certain taxpayers with bank or other financial accounts in a foreign country, and foreign trust transactions, must continue to file Schedule B regardless of the amount of interest or dividends they receive.

Dividends Including Federal Qualified Dividends - Amount Reported Federally

Taxpayers do not need to file federal Schedule B if that have ordinary dividend income of \$1,500 or less.

Total dividends found in Box 1a of Form 1099-DIV, Dividends and Distributions and are reported on:

- U.S. Schedule B, Part II, Line 6 and
- The federal return

Qualified dividends are eligible for a lower tax rate federally and are found in Box 1b of Form 1099-DIV. This amount is included on both federal Schedule B, Part II, Line 6 and the federal return.

Additional information

Massachusetts References

Money Market Deposit Accounts

- [TIR 82-4: Income Taxation of Interest from Money Market Deposit Accounts](#)

Real Estate Tax Escrow Interest

- LR 79-10: Interest Paid By a Credit Union on Advance Payments of Real Estate Taxes

State/Municipal Obligations

- [M.G.L. Chapter 62, Section 2\(a\)\(1\)\(A\)](#)
- [TIR 80-2: Income Tax Treatment of Interest and Gains on Certain Bonds](#)
- [TIR 89-8: Income Tax Treatment of Interest and Gains on Federal Obligations](#)
- LR 84-41: Zero Coupon Bonds Issued by Non-Mass Municipalities
- DOR-D 88-19: Losses from Sale of Tax Exempt Bonds

Federal Obligations

- Chapter 62 Section 2(a)(2)(A)
- [TIR 80-2: Income Tax Treatment of Interest and Gains on Certain Bonds](#)
- [TIR 89-8: Income Tax Treatment of Interest and Gains on Federal Obligations](#)