

Municipal Bond Funds

Computing Your State Tax



To calculate the amount of exempt-interest income that is subject to state income tax, use Form 1099-DIV and the Earned Income by State chart. You must perform a separate calculation for each MFS[®] municipal bond fund that you own, following these steps:

1. Find the exclusion percentage. The Earned Income by State chart provides the percentage of tax-exempt income that is sourced to each state. Using this chart, find the percentage that applies to your fund and state. If your state allows an exclusion for amounts earned in U.S. territories and possessions (e.g. American Samoa, Puerto Rico, Guam and/or the U.S. Virgin Islands), add those percentages to the percentage for your state to arrive at the total exclusion percentage. Due to the complexity and diversity of the tax requirements in each state, you may want to check with your tax advisor or your state's tax authorities to determine the taxability of this income in your state.
2. Calculate the excludable income. Multiply the Exempt-interest dividends on Form 1099-DIV, Box 12, by the total exclusion percentage from Step 1.
3. Calculate the amount of state taxable income. Subtract the excludable income calculated in Step 2 from the Exempt-interest dividends on Form 1099-DIV, Box 12.

When completing your state tax return, make sure you include other tax-exempt income amounts you may have received from other sources.

Example: An investor in XYZ fund who pays taxes in Massachusetts receives a Form 1099-DIV showing \$1,000 of Exempt-interest dividends. The percentages from the 2023 Earned Income by State chart for XYZ fund are Massachusetts (92.30%) and Guam (1.45%).

1. $92.30\% + 1.45\% = 93.75\%$
2. $\$1,000 \times 93.75\% = \937.50
3. $\$1,000 - \$937.50 = \$62.50$ (This is the amount includable in state taxable income.)

Abbreviation	Fund name
CXE	MFS [®] High Income Municipal Trust
CMU	MFS [®] High Yield Municipal Trust
CXH	MFS [®] Investment Grade Municipal Trust
MFM	MFS [®] Municipal Income Trust

If you have questions about this information, please call us at 1-800-637-2304 any business day. While we are not able to provide personal tax assistance to shareholders, our service representatives will be pleased to answer questions about the information we have sent you.