Municipal Bond ETFs

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 calculation for the MFS® municipal bond ETF 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 ETF 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 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 x 93.75% = $937.50
3. $1,000 – 937.50 = $62.50 (This is the amount includable in state taxable income.)

Fund name
MFS® Active Intermediate Muni Bond ETF

If you have any questions about this information, please call us at 1-800-637-5637 any business day. While we are not able to provide personal tax assistance to shareholders, our service representatives will be pleased to answer your questions about the information we have sent you.