Report of Organizational Actions Affecting Basis of Securities

Part I  Reporting Issuer
1  Issuer’s name
   Active Assets Tax-Free Trust

2  Issuer’s employer Identification number (EIN)
   13-3075002

3  Name of contact for additional information
   Michael Conklin

4  Telephone No. of contact
   312-706-4708

5  Email address of contact
   msiptax.reg@morganstanley.com

6  Number and street (or P.O. box if mail is not delivered to street address) of contact
   c/o Morgan Stanley Tax, 440 S. Lasalle Street, 39th Floor

7  City, town, or post office, state, and Zip code of contact
   Chicago, IL, 60605

8  Date of action
   See Item 14 Below

9  Classification and description
   COMMON STOCK DIVIDENDS

10 CUSIP number
    N/A

11 Serial number(s)
    AATXX

12 Ticker symbol
    N/A

13 Account number(s)

Part II  Organizational Action
Attach additional statements if needed. See back of form for additional questions.

14 Describe the organizational action and, if applicable, the date of the action or the date against which shareholders’ ownership is measured for the action. The Issuer paid monthly distributions to common stock shareholders during calendar year 2016. All or part of such distributions constitute a non-taxable return of capital.

15 Describe the quantitative effect of the organizational action on the basis of the security in the hands of a U.S. taxpayer as an adjustment per share or as a percentage of old basis.

The quantitative effect of the distributions reported as a return of capital on a per share basis are set forth in the table below.

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<thead>
<tr>
<th>Record Date</th>
<th>Payment Date</th>
<th>Distribution Per Share</th>
<th>Return of Capital</th>
<th>Record Date</th>
<th>Payment Date</th>
<th>Distribution Per Share</th>
<th>Return of Capital</th>
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</tr>
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</table>

16 Describe the calculation of the change in basis and the data that supports the calculation, such as the market values of securities and the valuation dates. Issuer’s current and accumulated earnings were compared to distributions paid during the fiscal year ended June 30, 2016. The non-taxable return of capital represents the amount of distributions paid during the taxable fiscal year ended June 30, 2016 in excess of issuer’s current and accumulated earnings and profits under IRC Section 316.

For Paperwork Reduction Act Notice, see the separate Instructions.
Part II  Organizational Action (continued)

17  List the applicable Internal Revenue Code section(s) and subsection(s) upon which the tax treatment is based

   Internal Revenue Code  Section 301(c)(2) and Section 316

18  Can any resulting loss be recognized?  Not applicable.

19  Provide any other information necessary to implement the adjustment, such as the reportable tax year

   The reportable year is fiscal year ending June 30, 2016

Under penalties of perjury, I declare that I have examined this return, including accompanying schedules and statements, and to the best of my knowledge and belief, it is true, correct, and complete. Declaration of preparer (other than officer) is based on all information of which preparer has any knowledge.

Signature  Michael Conklin  Date  8/20/18

Print name  Paid Preparer Use Only  Print/Type preparer's name  Preparer's signature  Date  Check self-employed  PTIN

Firm's name  Firm's BIN

Firm's address  Phone no.

Send Form 8837 (including accompanying statements) to: Department of the Treasury, Internal Revenue Service, Ogden, UT 84201-0054