

# HOUSE . . . . No. 800

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By Mr. Pratt of Saugus, petition of Henry F. Long, Commissioner of Corporations and Taxation, for certain amendments of the laws relating to taxation of banks, manufacturing and business corporations. Taxation.

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## The Commonwealth of Massachusetts

In the Year One Thousand Nine Hundred and Thirty-Three.

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An Act changing the Laws relating to the Taxation of Banks, Manufacturing and Business Corporations.

1 *Whereas*, The deferred operation of this act would  
2 tend to defeat its purpose, therefore it is hereby de-  
3 clared to be an emergency law, necessary for the im-  
4 mediate preservation of the public convenience.

*Be it enacted by the Senate and House of Representatives in General Court assembled, and by the authority of the same, as follows:*

1 SECTION 1. Section two of chapter sixty-three of  
2 the General Laws inserted by section one of chapter  
3 three hundred and forty-three of the acts of nineteen  
4 hundred and twenty-five and as amended by section  
5 two of chapter two hundred and twenty of the acts  
6 of nineteen hundred and thirty is hereby amended by  
7 inserting at the end of the first sentence the following:  
8 — and further provided that the tax shall not be less  
9 than a tax, at such rate, measured by the amount of

10 the dividends declared by such bank during the  
11 taxable year,—so that said section will read as  
12 follows:— *Section 2.* Every bank shall pay annually  
13 a tax measured by its net income, as defined in section  
14 one, at the rate assessed upon other financial corpora-  
15 tions; provided, that such rate shall not be higher  
16 than the highest of the rates assessed under this chapter  
17 upon mercantile and business corporations doing  
18 business in the commonwealth; and further provided  
19 that the tax shall not be less than a tax, at such rate,  
20 measured by the amount of the dividends declared  
21 by such bank during the taxable year. The commis-  
22 sioner shall determine the rate on or before July first  
23 of each year after giving a hearing thereon, and at or  
24 prior to such hearing he shall make available to all  
25 banks requesting the same a statement showing the  
26 aggregates of the income returnable during the pre-  
27 ceding calendar year and taxable under this chapter  
28 and the aggregates of the taxes under this chapter of  
29 such year, with respect to the following classes of cor-  
30 porations: (1) domestic financial corporations, (2)  
31 foreign financial corporations, (3) domestic manu-  
32 facturing corporations as defined in section thirty-  
33 eight C, (4) foreign manufacturing corporations as  
34 defined in section forty-two B, (5) domestic business  
35 corporations as defined in section thirty, (6) foreign  
36 corporations as defined in said section thirty. The  
37 commissioner shall seasonably notify the banks of his  
38 determination. Appeal by a bank from the deter-  
39 mination of the commissioner may be taken to the  
40 board of appeal from decisions of the commissioner of  
41 corporations and taxation, in sections five and six  
42 called the board of appeal, within ten days after the  
43 giving of such notice.

1 SECTION 2. Section three of said chapter sixty-  
2 three, as appearing in section one of chapter three  
3 hundred and forty-three of the acts of nineteen hun-  
4 dred and twenty-five, is hereby amended by inserting  
5 after clause (b) the following:— (c) The amount of  
6 the dividends declared by such bank during the taxable  
7 year and such other information as the commissioner  
8 may require to determine the minimum tax imposed  
9 by section two, — so that said section will read as  
10 follows:— *Section 3.* Every bank shall within the  
11 first ten days of April make a return as of April first,  
12 sworn to by its cashier or by its treasurer, or in their  
13 absence or incapacity by any other principal officer,  
14 in such form as the commissioner prescribes, giving:—

15 (a) A copy of such parts as the commissioner may  
16 designate of the federal return or returns for the year  
17 by the income of which the tax is to be measured,  
18 provided that if any bank shall have participated in  
19 filing a consolidated return of income to the federal  
20 government, it shall file with the commissioner a  
21 statement of net income in such form as he may pre-  
22 scribe, showing its gross income and deductions in  
23 accordance with the law and regulations governing  
24 the usual federal returns of corporations not so partici-  
25 pating; and such additional information as he may  
26 require to determine the net income as defined in  
27 section one.

28 (b) The name of each shareholder with his residence  
29 and the number of shares belonging to him at the close  
30 of the business day last preceding April first as the  
31 same then appeared on the books of said bank.

32 Whenever the time for filing the federal return has  
33 been extended, the commissioner may extend the time  
34 for filing the return required under this section.

35 (c) The amount of the dividends declared by such  
36 bank during the taxable year and such other informa-  
37 tion as the commissioner may require to determine the  
38 minimum tax imposed by section two.

1 SECTION 3. Section thirty-two of said chapter  
2 sixty-three, as inserted by section three of chapter two  
3 hundred and fifty-eight of the acts of nineteen hun-  
4 dred and twenty-seven, is hereby amended by adding  
5 at the end of the ninth line the following:— nor less  
6 than a tax at the rate imposed upon the net income of  
7 banks under section two, measured by such proportion  
8 of the dividends declared by such corporation during  
9 the taxable year as its income derived from business  
10 carried on within the commonwealth bears to its net  
11 income wherever derived, — so that said section will  
12 read as follows:— *Section 32.* Except as otherwise  
13 provided in section thirty-four, every domestic busi-  
14 ness corporation shall pay annually, with respect to  
15 the carry-on or doing of business by it, an excise equal  
16 to the sum of the following, provided, that every such  
17 corporation shall pay annually a total excise not less  
18 in amount than one twentieth of one per cent of the  
19 fair value of its capital stock on the day fixed for  
20 determination of the value of its corporate excess, nor  
21 less than a tax at the rate imposed upon the net income  
22 of banks under section two, measured by such propor-  
23 tion of the dividends declared by such corporation  
24 during the taxable year as its income derived from  
25 business carried on within the commonwealth bears  
26 to its net income wherever derived:—

27 (1) An amount equal to five dollars per thousand  
28 upon the value of its corporate excess.

29 (2) An amount equal to two and one half per cent

30 of its net income determined to be taxable in accord-  
31 ance with the provisions of this chapter.

1 SECTION 4. Section thirty-five of said chapter  
2 sixty-three is hereby amended by adding at the end  
3 of the first sentence the following:— (d) such infor-  
4 mation as he requires for the determination of any  
5 minimum tax imposed, — so that said section thirty-  
6 five shall read as follows:— *Section 35.* Every do-  
7 mestic business corporation shall, within the first ten  
8 days of April, make a return as of April first, sworn to  
9 by its treasurer or assistant treasurer, or in their  
10 absence or incapacity by any other principal officer,  
11 in such form as the commissioner prescribes, giving  
12 (a) a copy of such parts as he may designate of the  
13 federal return or returns for the year on the income of  
14 which the tax is to be assessed, which it has made  
15 singly or with one or more other corporations, (b)  
16 such other data as he requires to determine the pro-  
17 portion of net income derived from business carried on  
18 within the commonwealth, (c) such information as he  
19 requires for the determination of the corporate excess,  
20 (d) such information as he requires for the determina-  
21 tion of any minimum tax imposed. Whenever the  
22 time for filing its federal return has been extended,  
23 the commissioner may extend the time for filing such  
24 return.

1 SECTION 5. Section thirty-nine of said chapter  
2 sixty-three, as amended by section three of chapter  
3 four hundred and twenty-four of the acts of nineteen  
4 hundred and twenty-three, by section three of chapter  
5 twenty-six of the acts of nineteen hundred and twenty-  
6 four, by section seven of chapter three hundred and

7 thirty-eight of the acts of nineteen hundred and  
8 twenty-six and by section four of chapter two hundred  
9 and fifty-eight of the acts of nineteen hundred and  
10 twenty-seven, is hereby further amended by striking  
11 out the paragraph included in the first twelve lines of  
12 said section thirty-nine, as appearing in said section  
13 four of said chapter two hundred and fifty-eight, and  
14 inserting in place thereof the following:— *Section*  
15 *39.* Except as otherwise provided herein, every  
16 foreign corporation shall pay annually, with respect  
17 to the carrying on or doing of business by it within the  
18 commonwealth, an excise equal to the sum of the  
19 following, provided that every such corporation shall  
20 pay annually a total excise not less in amount than  
21 one twentieth of one per cent of such proportion of the  
22 fair value of its capital stock as the assets, both real  
23 estate and personal, employed in any business within  
24 the commonwealth on the day fixed for determination  
25 of the value of the corporate excess employed within  
26 the commonwealth bear to the total assets of the cor-  
27 poration employed in business on said date, nor less  
28 than a tax, at the rate imposed upon the net income of  
29 banks under section two, measured by such proportion  
30 of the dividends declared by such corporation during  
31 the taxable year as its income derived from business  
32 carried on within the commonwealth bears to its net  
33 income wherever derived.

1 SECTION 6. This act shall apply to taxes assessed  
2 in the year nineteen hundred and thirty-one and  
3 thereafter.



