

AN ACT TO ALLOW EMPLOYERS A DEDUCTION FROM TAXABLE INCOME FOR PAYMENTS MADE FOR THE BENEFIT OF EMPLOYEES TO A TRUST FORMING PART OF A PENSION, ANNUITY, DISABILITY, DEATH BENEFIT, PROFIT-SHARING, OR STOCK BONUS PLAN OF THE EMPLOYER; TO EXEMPT EMPLOYEES FROM INCOME TAX WITH RESPECT TO SUCH PAYMENTS; AND TO EXEMPT FROM INCOME TAX THE INCOME OF A TRUST FORMING PART OF SUCH A PLAN. Chap.485

Whereas, The deferred operation of this act would tend to defeat one of its purposes, which is to encourage the early formation of trusts for the benefit of employees, therefore it is hereby declared to be an emergency law, necessary for the immediate preservation of the public convenience. Emergency preamble.

Be it enacted, etc., as follows:

SECTION 1. Clause (a) of section 6 of chapter 62 of the General Laws, as appearing in the Tercentenary Edition, is hereby amended by adding at the end the following sentence:— Such expenses shall include payments made by an employer within the year to a trust forming part of a pension, annuity, disability, death benefit, profit-sharing or stock bonus plan of such employer, the income of which trust is exempt under subsection (j) of section eight. G. L. (Ter. Ed.), 62, § 6, amended.
Expenses.

SECTION 2. Section 8 of said chapter 62, as amended, is hereby further amended by adding at the end the two following clauses:— G. L. (Ter. Ed.), 62, § 8, etc., amended.

(i) Payments made by an employer to a trust forming part of a pension, annuity, disability, death benefit, profit-sharing or stock bonus plan of such employer, the income of which is exempt under clause (j) and which, except for the provisions of this clause, might be deemed to be taxable income of the employee in the year in which such payment is made, but nothing contained in this clause shall exempt from taxation amounts distributed by such a trust. Trust forming part of a pension, etc., included in exemptions.

(j) Income of a trust forming part of a pension, annuity, disability, death benefit, profit-sharing or stock bonus plan of an employer for the exclusive benefit of some or all of his employees or their beneficiaries, to which contributions are made by such employer or employees, or both, for the purpose of distributing to such employees or their beneficiaries the corpus and income of the fund accumulated by the trust in accordance with such plan, it being impossible under the trust instrument, at any time prior to the satisfaction of all liabilities with respect to employees and their beneficiaries under the trust, for any part of the corpus or income to be, within the taxable year or thereafter, used for, or diverted to, purposes other than for the exclusive benefit of his employees or their beneficiaries. Income from trust forming part of pension, etc., included in pensions.

SECTION 3. This act shall apply with respect to income received in fiscal years ending during the calendar year nineteen hundred and forty-six and all subsequent years. Application.

Approved June 4, 1947.