

be applied to reduce the net capital gain of the taxpayer in each of the three succeeding taxable years to the extent that such amount exceeds the total of any net capital gain of any taxable year intervening between the taxable year in which the net capital loss arose and such succeeding taxable year. When such intangible personal property is sold or exchanged the basis for recognition of gain or loss shall be determined in accordance with the provisions of section seven. If a corporation, association or trust, the beneficial interest in which is represented by transferable shares, cancels or redeems its stock, such transaction shall constitute a sale or exchange for the purposes of this chapter. The gain or loss shall be determined by comparing the fair market value of the property received in redemption with the basis of the stock cancelled or redeemed. To the extent that distributions which are not dividends as defined in subsection (b) of section sixty-one would reduce the cost basis of stock below zero, they shall be treated as amounts received on the sale of such stock. If, in any exchange of shares upon the reorganization of one or more corporations or of one or more partnerships, associations or trusts, the beneficial interest in which is represented by transferable shares, the new shares received in exchange for the shares surrendered represent the same interest in the same assets, no gain or loss shall be deemed to accrue from the transaction until a sale or further exchange of such new shares is made.

SECTION 2. Section 7 of said chapter 62 is hereby amended by striking out the third paragraph, as appearing in section 3 of chapter 635 of the acts of 1955, and inserting in place thereof the following paragraph:—

In the case of intangible personal property:— First, if the property has constituted the basis of a non-taxable stock dividend, the foregoing basis shall be reduced by the amount apportioned as the basis of the new stock acquired in accordance with subsection (g); and second, the foregoing basis shall be reduced by any amounts which do not constitute a dividend as defined in subsection (b) of section sixty-one.

SECTION 3. This act shall take effect with respect to taxable years commencing after December thirty-first, nineteen hundred and fifty-six. *Approved July 17, 1957.*

AN ACT CLARIFYING THE LAW RELATING TO PERSONAL PROPERTY OF CORPORATIONS EXEMPT FROM LOCAL TAXATION. *Chap. 541*

*Be it enacted, etc., as follows:*

Section 5 of chapter 59 of the General Laws is hereby amended by striking out clause Sixteenth, as most recently amended by section 1 of chapter 435 of the acts of 1954, and inserting in place thereof the following clause:—

Sixteenth, (1) In the case of (a) a Massachusetts savings bank, (b) a Massachusetts co-operative bank, (c) a Massachusetts corporation subject to taxation under chapter sixty-

three other than a corporation mentioned in either paragraph (2) or paragraph (3) of this clause, or (d) a foreign corporation subject to taxation under section twenty, twenty-three, fifty-two A or fifty-eight of said chapter sixty-three, all property owned by such bank or corporation other than the following: — real estate, poles, underground conduits, wires and pipes, and machinery used in manufacture or in supplying or distributing water; provided, that in the case of a foreign corporation subject to taxation under said section twenty or said section twenty-three, the laws of the state of incorporation, or, in the case of a foreign corporation of another nation, the laws of the state where it has elected to establish its principal office in the United States, grant similar exemption from taxation of tangible property owned by like corporations organized under or created by the laws of the commonwealth.

(2) In the case of (a) a domestic business corporation or (b) a foreign corporation, both as defined in section thirty of chapter sixty-three, all property owned by such corporation other than the following: — real estate, poles, underground conduits, wires and pipes, and machinery used in the conduct of the business, which term, as used in this clause, shall not be deemed to include stock in trade or any personal property directly used in the refrigeration of goods or in the air-conditioning of premises or in any purchasing, selling, accounting or administrative function.

(3) In the case of (a) a domestic manufacturing corporation as defined in section thirty-eight C of chapter sixty-three or (b) a foreign manufacturing corporation as defined in section forty-two B of said chapter, all property owned by such corporation other than the following: — real estate, poles and underground conduits, wires and pipes.

(4) Exemption under this clause shall not extend to a corporation subject to the provisions of section three of chapter one hundred and eighty-one, if such corporation has failed to comply with said provisions.

(5) The classification by the commissioner, the commission or the appellate tax board, as the case may be, of a corporation as a domestic business corporation, a domestic manufacturing corporation, a foreign corporation or a foreign manufacturing corporation, as respectively defined as aforesaid, shall be followed in the assessment under this chapter of machinery used in the conduct of the business.

*Approved July 17, 1957.*

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*Chap. 542* AN ACT PROVIDING FOR ADDITIONAL UNEMPLOYMENT COMPENSATION PAYMENTS TO RECIPIENTS FOR EACH DEPENDENT CHILD.

*Be it enacted, etc., as follows:*

Subsection (c) of section 29 of chapter 151A of the General Laws, as most recently amended by chapter 635 of the acts