

HOUSE No. 556

By Mr. Mahar of Orange, petition of Henry F. Long (Commissioner of Corporations and Taxation) for discontinuing the income tax exemption of certain dividends, repealing the dividend credit of corporations and modifying certain distributive provisions. Taxation.

The Commonwealth of Massachusetts

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

AN ACT DISCONTINUING THE INCOME TAX EXEMPTION AS TO CERTAIN DIVIDENDS, REPEALING THE DIVIDEND CREDIT OF CORPORATIONS AND MODIFYING CERTAIN DISTRIBUTIVE PROVISIONS.

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 one of chapter sixty-two of
2 the General Laws, as amended, is hereby further
3 amended by striking out all of subsection (b), as
4 appearing in the Tercentenary Edition, and inserting
5 in place thereof the following:—

6 (b) Dividends on shares in all corporations, joint
7 stock companies, and banking associations, organized
8 under the laws of this commonwealth or under the
9 laws of any state or nation, except co-operative banks
10 and credit unions chartered by the commonwealth,
11 and except savings and loan associations under the
12 supervision of the commissioner of banks, and except

13 federal co-operative savings and loan associations lo-
14 cated in the commonwealth.

1 SECTION 2. Said section one, as amended, is hereby
2 further amended by striking out the paragraph con-
3 tained in lines thirty-four to thirty-seven, inclusive,
4 as appearing in the Tercentenary Edition, and insert-
5 ing in place thereof the following: —

6 (c) Dividends on shares in partnerships, associa-
7 tions or trusts, the beneficial interest in which is rep-
8 resented by transferable shares, except dividends on
9 shares of the following:

1 SECTION 3. Section thirty-three of said chapter
2 sixty-two, as amended by chapter one hundred and
3 eighty-six of the acts of nineteen hundred and thirty-
4 two, is hereby further amended by striking out the
5 second paragraph, as appearing in the Tercentenary
6 Edition, and inserting in place thereof the following: —

7 Every corporation organized under the laws of this
8 commonwealth and every corporation doing business
9 therein, including every banking association organ-
10 ized under the laws of any state or nation, and every
11 partnership, association or trust, the beneficial in-
12 terest in which is represented by transferable shares,
13 doing business in the commonwealth, unless the divi-
14 dends paid on its shares are exempt from taxation
15 under section one, shall annually file with the com-
16 missioner in such form as he shall from time to time
17 prescribe, a complete list of the names and addresses
18 of its shareholders as of record on December thirty-
19 first of the preceding year, or on any other date satis-
20 factory to the commissioner, or, in his discretion of
21 such shareholders as are residents of the common-

22 wealth, together with the number and class of shares
23 held by each shareholder, the rate of dividends paid
24 on each class of stock for such preceding year, and
25 the amount of dividends paid during such year to
26 each shareholder.

1 SECTION 4. Section forty-three of chapter sixty-
2 three of the General Laws, as appearing in the Ter-
3 centenary Edition, is hereby repealed.

1 SECTION 5. Section eighteen of chapter fifty-eight
2 of the General Laws, as most recently amended by
3 section sixteen of chapter four hundred and fifty-one
4 of the acts of nineteen hundred and thirty-nine, is
5 hereby further amended by striking out all after the
6 word "refunds" in the sixteenth line and inserting
7 the following:— and a further sum determined by
8 the commissioner to be the equivalent of the tax de-
9 rived from dividends of such foreign corporations as
10 are subject to tax upon their franchises payable to
11 the commonwealth under section fifty-eight of chap-
12 ter sixty-three, which shall be retained by the com-
13 monwealth, and after deducting also such amount as
14 is to be taken from the proceeds of the income tax
15 under chapter seventy, — so as to read as follows:—
16 *Section 18.* Except as provided in section seven A
17 of chapter sixty-two the state treasurer, shall on or
18 before April fifteenth in each year, distribute the
19 amounts of taxes on incomes under chapter sixty-two
20 theretofore collected by the commonwealth to the
21 several cities and towns in proportion to the amounts
22 of the last preceding state tax imposed upon them,
23 and shall, on or before November twentieth in the
24 same year, distribute to such cities and towns in the

25 same proportion, the balance of such taxes collected
26 after said April fifteenth, after deducting a sum suf-
27 ficient to reimburse the commonwealth for the ex-
28 penses incurred in the collection and distribution of
29 said income taxes and for such of said taxes as have
30 been refunded under said chapter sixty-two or sec-
31 tion twenty-seven of this chapter during said year,
32 together with any interest or costs paid on account
33 of refunds, and a further sum determined by the com-
34 missioner to be the equivalent of the tax derived from
35 dividends of such foreign corporations as are subject
36 to tax upon their franchises payable to the common-
37 wealth under section fifty-eight of chapter sixty-three,
38 which shall be retained by the commonwealth, and
39 after deducting also such amount as is to be taken
40 from the proceeds of the income tax under chapter
41 seventy.

1 SECTION 6. Section eight of chapter sixty-two of
2 the General Laws is hereby amended by striking out
3 subsection (e), as appearing in the Tercentenary Edi-
4 tion, and inserting in place thereof the following new
5 subsection:—

6 (e) Income of intangible personal property exempt
7 from taxation under clauses Seventh, Tenth and Thir-
8 teenth of section five of chapter fifty-nine.

1 SECTION 7. Sections one to four inclusive, of this
2 act shall apply only with respect to dividends re-
3 ceived in the year nineteen hundred and forty-four
4 and thereafter.