

HOUSE No. 1229

By Mr. Vaitses of Melrose (by request), petition of Henry F. Long (Commissioner of Corporations and Taxation) for legislation to define the word "dividends" under the income tax law. Taxation.

The Commonwealth of Massachusetts

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

AN ACT DEFINING THE WORD "DIVIDENDS".

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 1 (b) of chapter 62 of the
2 General Laws, as amended, is hereby further amended
3 by adding at the end thereof the following new
4 sentence, — "Dividend" means any distribution made
5 by a corporation to its shareholders out of accumulated
6 profits or out of profits of a taxable year, — so that
7 section 1 (b) will read as follows: — 1 (b) Dividends,
8 other than stock dividends paid in new stock of the
9 company issuing the same, on shares in all corpora-
10 tions, joint stock companies and banking associations,
11 organized under the laws of this commonwealth or
12 under the laws of any state or nation, except co-opera-
13 tive banks and credit unions chartered by the com-
14 monwealth, and except savings and loan associations
15 under the supervision of the commissioner of banks,
16 and except federal savings and loan associations

17 located in the commonwealth. Dividend means any
18 distribution made by a corporation to its shareholders,
19 out of accumulated profits or out of profits of a taxable
20 year.

1 SECTION 2. This act shall take effect as of January
2 first, nineteen hundred and fifty, and shall apply to
3 income received in the calendar year nineteen hundred
4 and forty-nine and thereafter.