

HOUSE No. 365

By Mr. Burgess of Quincy (by request), petition of Henry F. Long (Commissioner of Corporations and Taxation) for redefinition of "net income" in connection with taxation of banks, trust companies and certain other corporations. Taxation.

The Commonwealth of Massachusetts

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

An Act relative to Taxation of Banks, Trust Companies and Certain Other Corporations, Especially with Respect to Definition of Net Income.

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-three of
2 the General Laws, as last amended by section one of
3 chapter three hundred and twenty-seven of the acts
4 of nineteen hundred and thirty-three, is hereby
5 further amended by striking out the paragraph de-
6 fining net income and inserting in place thereof the
7 following:—

8 "Net income", Total net income for the taxable
9 year from all sources, without deduction of (1) items
10 or sums excluded from the definition of gross income
11 in use by any other taxing authority, (2) dividends
12 received on stocks, (3) taxes paid to the government
13 of the United States on either profits or net income,

14 (4) any specific amount allowed by any other taxing
15 authority, or (5) losses sustained by the bank in other
16 fiscal or calendar years, whether deducted by the gov-
17 ernment of the United States or not. Bona fide
18 gifts to a bank, other than unpaid salaries or com-
19 pensation due to officers, for which no consideration
20 has been given or made by the bank itself, shall not
21 constitute income nor be included in net income.
22 The commissioner may adopt rules consistent here-
23 with for determining such net income and such rules
24 may follow to such extent as he deems proper those
25 employed for determination of net income under the
26 federal revenue act applicable for such taxable year.

1 SECTION 2. Section thirty of said chapter sixty-
2 three, as last amended by chapter two hundred and
3 thirty-seven of the acts of nineteen hundred and
4 thirty-four, is hereby further amended by striking
5 out the paragraph numbered five and inserting in
6 place thereof the following:—

7 5. "Net income", Total net income for the taxable
8 year from all sources, without deduction of (1) items
9 or sums excluded from the definition of gross income in
10 use by any other taxing authority, (2) dividends re-
11 ceived on stocks, (3) taxes paid to the government of
12 the United States on either profits or net income, (4)
13 any specific amount allowed by any other taxing
14 authority, or (5) losses sustained by the corporation in
15 other fiscal or calendar years, whether deducted by
16 the government of the United States or not. Bona
17 fide gifts to a corporation, other than unpaid salaries
18 or compensation due to officers, for which no consid-
19 eration has been given or made by the corporation
20 itself, shall not constitute income nor be included in

21 net income. The commissioner may adopt rules con-
22 sistent herewith for determining such net income and
23 such rules may follow to such extent as he deems
24 proper those employed for determination of net in-
25 come under the federal revenue act applicable for
26 such taxable year.

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

