

By Mr. Buell, a petition (accompanied by bill, Senate, No. 1455) of Robert C. Buell for legislation to make certain changes in the taxation of corporations. Taxation.

**The Commonwealth of Massachusetts**

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

AN ACT MAKING CERTAIN CHANGES IN THE TAXING OF CORPORATIONS.

*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 17A of chapter 62 of the General Laws, as most recently  
2 amended by chapter 202 of the acts of 1988, is hereby amended  
3 by striking out sub-section (e) and inserting in place thereof the  
4 following: —

5 (e) The provisions of this section shall only apply to  
6 shareholders of an S corporation, as so defined, whose net income  
7 for the taxable year is less than one million dollars. An S cor-  
8 poration, as so defined, with net income of one million dollars  
9 or more for the taxable year shall be taxed as a C corporation  
10 under section thirty-two or thirty-nine of chapter sixty-three and  
11 the shareholders thereof shall be taxed under this chapter as if  
12 such corporation were a C corporation for federal income tax  
13 purposes. Where an S corporation, as so defined, is a corporate  
14 trust under this chapter with net income of one million dollars  
15 or more for the taxable year, such corporate trust and the  
16 beneficiaries thereof shall be taxed under this chapter as if it were  
17 a C corporation for federal income tax purposes. The commis-  
18 sioner shall, by regulation, apply the one million dollar limitation  
19 to corporations or corporate trusts which may intermittently  
20 exceed such limit but which have average annual total receipts  
21 below such limit over a longer period of time; and shall, by  
22 regulation, apply such limitation on an aggregate basis to S cor-  
23 porations engaged in a unitary business and with majority stock  
24 ownership by common stockholders. The phrase "net income",  
25 as used in this sub-section, shall have the same meaning as that  
26 contained in section 1 of chapter 63 of the General Laws.

By Mr. [Name], a motion (amended by Mr. [Name], Dec. 1917) of Robert C. [Name] for legislation to amend certain chapters in the taxation of corporations. Yeas 10.

THE DEPARTMENT OF AGRICULTURE

In the Year of the [Name] [Name] [Name]

A BILL TO AMEND CERTAIN CHAPTERS IN THE TAXATION OF CORPORATIONS

Enacted by the Senate and House of Representatives in General Conference, and by the authority of the Senate as follows:

SECTION 17A of chapter 17 of the General Laws, as now existing, is amended by chapter 365 of the laws of 1917, to further amend it by striking out subsection (a) and inserting in place thereof the following:—

1. For the purposes of this section shall only apply to shareholders of an S corporation, as so defined, whose net income for any taxable year is less than one million dollars. And it shall be provided, as an offset, with all income of any such S corporation or more for the taxable year shall be taxed as a C corporation under section thirty-two in the same manner as if such S corporation were an S corporation. Where an S corporation, as so defined, is a corporation that ends the chapter with net income of one million dollars or more for the taxable year, such corporation shall be treated as a C corporation for the taxable year and the provisions of this section shall be applied to such corporation as if it were an S corporation for the taxable year. The committee report on this bill is printed in the Senate Report No. 1000, 65th Congress, 2d Session, page 1000.