

HOUSE No. 1630

Mr. Fish of Brookline presented (by request) a petition of Huntington Reed Hardwick relative to accumulated profits distributed in liquidation in connection with the taxation of income from certain intangibles. Taxation. April 16.

The Commonwealth of Massachusetts.

In the Year One Thousand Nine Hundred and Twenty-Four.

An Act relative to the Taxation as Income of Accumulated Profits distributed in Liquidation.

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. Paragraph (g) of section one of chapter
2 sixty-two of the General Laws is hereby amended by
3 adding to the end thereof the following:— Except that
4 where such accumulated profits and capital are distrib-
5 uted in any one calendar year in complete liquidation,
6 the amount taxable under this section shall be the amount
7 by which the sum of said accumulated profits and capital
8 so distributed, is in excess of cost, — so that the para-
9 graph shall read as follows:— (g) No distribution of
10 capital, whether in liquidation or otherwise, shall be
11 taxable as income under this section; but accumulated
12 profits shall not be regarded as capital under this pro-
13 vision, except that where such accumulated profits and
14 capital are distributed in any one calendar year in com-
15 plete liquidation, the amount taxable under this section
16 shall be the amount by which the sum of said accumu-
17 lated profits and capital so distributed, is in excess of
18 cost of the investment to the distributee.

1 SECTION 2. This act shall take effect as of the first
2 day of January nineteen hundred and twenty-four, and
3 shall apply to distributions received in the year nineteen
4 hundred and twenty-three as well as in the current year
5 and all subsequent years.