

HOUSE No. 337

Bill accompanying the petition of Junius T. Auerbauch for legislation to provide for the taxation of transfers of stock. Taxation. January 9.

The Commonwealth of Massachusetts.

In the Year One Thousand Nine Hundred and Twelve.

AN ACT

To provide for a Tax upon Transfers of Stock.

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. There is hereby imposed and there shall
2 immediately accrue and be collected a tax as herein pro-
3 vided on all sales or agreements to sell or memoranda of
4 sales or deliveries or transfer of shares of certificates of
5 stock in any domestic or foreign association, company
6 or corporation made after the first day of September,
7 nineteen hundred and eight, whether made upon or shown
8 by the books of the association, company or corporation,
9 or by any assignment in blank, or by delivery, or by
10 any paper or agreement or memorandum or other evi-
11 dence of transfer or sale whether entitling the holder in
12 any manner to the benefit of such stock or to secure the
13 future payment of money or transfer of any stock, on

14 each one hundred dollars of face value or fraction thereof,
15 two cents. It is not intended by this act to impose a
16 tax upon an agreement evidencing the deposit of stock
17 certificates as collateral security for money loaned there-
18 on which stock certificates are not actually sold, nor
19 upon such stock certificates so deposited.

20 The payment of such tax shall be denoted by an
21 adhesive stamp or stamps affixed as follows: in case of
22 sale where the evidence of transfer is shown only by the
23 books of the company, the stamp shall be upon such
24 books; and where the change of ownership is by transfer
25 certificates the stamp shall be placed upon the certificate;
26 and in cases of agreement to sell or where the transfer is
27 by delivery of the certificate assigned in blank there shall
28 be made and delivered by the seller to the buyer a bill
29 or memorandum of such sale, to which the stamp pro-
30 vided for by this article shall be affixed; and every bill
31 or memorandum of sale or agreement to sell before men-
32 tioned shall show the date thereof, the name of the seller,
33 the amount of the sale, and the matter or thing to which
34 it refers, and no further tax is hereby imposed upon the
35 delivery of the certificate of stock, or upon the actual
36 issue of a new certificate when the original certificate of
37 stock is accompanied by the duly stamped memorandum
38 of the sale.

1 SECTION 2. Adhesive stamps for the purpose of
2 paying the state tax provided for by this article shall be
3 provided by the tax commissioner, in such form, and of
4 such denominations and in such quantities as he may from
5 time to time prescribe, and shall be sold by him to the
6 person or persons desiring to purchase the same. He
7 shall make provision for the sale of such stamps in such
8 places and at such times as in his judgment he may deem
9 necessary.

1 SECTION 3. Any person or persons who shall make
2 any sale, without paying the tax by this article imposed,
3 or who shall in pursuance of any sale deliver any stock
4 or evidence of the sale of any stock or bill or memoran-
5 dum thereof, shall be deemed guilty of a misdemeanor,
6 and upon conviction thereof shall pay a fine of not less
7 than five hundred nor more than one thousand dollars, or
8 be imprisoned not more than six months, or by both such
9 fine and imprisonment, at the discretion of the court.

1 SECTION 4. In every case where an adhesive stamp
2 shall be used to denote the payment of the state tax pro-
3 vided by this article, the person using or affixing the
4 same shall write or stamp thereupon the initials of his
5 name and the date upon which the same shall be attached
6 or used, and shall cut or perforate the stamp in a sub-
7 stantial manner, so that such stamp cannot be used
8 again; and if any person fraudently makes use of an
9 adhesive stamp to denote the state tax imposed by this
10 article, without so effectually cancelling and obliterating
11 such stamp such person shall be deemed guilty of a mis-
12 demeanor, and upon conviction thereof shall pay a fine
13 of not less than two hundred nor more than five hundred
14 dollars or be imprisoned for not less than six months,
15 or both, at the discretion of the court.

1 SECTION 5. The tax commissioner is hereby directed
2 to make, enter into and execute for and in behalf of the
3 state such contract or contracts for dies, plates and print-
4 ing necessary for the manufacture of the stamps provided
5 for by this article; he shall be the custodian of such
6 stamps, dies, plates or other material or thing furnished
7 by him and used in the manufacture of such state tax
8 stamps, and all expenses incurred by him and under his

9 direction in carrying out the provisions of this article
10 shall be paid to him by the state treasurer from any
11 moneys appropriated for such purpose.

1 SECTION 6. Any person who shall wilfully remove or
2 cause to be removed, alter or cause to be altered the
3 cancelling or defacing marks or any adhesive stamp pro-
4 vided for by this article with intent to use the same, or
5 to cause the use of the same after it shall have been once
6 used, or shall knowingly and wilfully sell or buy any
7 washed or restored stamp or offer the same for sale, or
8 give or expose the same or prepare the same with intent
9 for further use thereof, or shall wilfully use any counter-
10 feit stamp or any forged stamp with intent to defraud the
11 commonwealth of Massachusetts, shall be guilty of a mis-
12 demeanor, and on conviction thereof shall be liable to a
13 fine of not less than five hundred nor more than one
14 thousand dollars, or be imprisoned for not more than six
15 months, or by both such fine and imprisonment, at the
16 discretion of the court.

1 SECTION 7. The tax commissioner may at any time
2 after transfers of stock, which by the provisions of this
3 article are subject to a state stamp tax, inquire into and
4 ascertain whether the tax imposed by the provisions
5 of this article has been paid. For the purpose of ascer-
6 taining such fact the tax commissioner shall have a right,
7 and it shall be his duty, to examine the books and papers
8 of any person, firm, company, association or corpora-
9 tion. If from such examination the tax commissioner
10 ascertains that the tax provided for in this article has not
11 been paid, he shall bring an action in any court of com-
12 petent jurisdiction for the recovery of such tax, and for
13 any penalty incurred by any person under the provisions
14 of this article.

1 SECTION 8. Any person who shall violate the pro-
2 visions of this article shall, in addition to the penalties
3 herein provided, forfeit to the people a civil penalty of
4 five hundred dollars for each violation. The tax com-
5 missioner shall bring an action in his name as such tax
6 commissioner in any court of competent jurisdiction for
7 the recovery of any civil penalty, and all moneys col-
8 lected by him shall be paid into the state treasury.

1 SECTION 9. The taxes imposed under this article shall
2 be paid by the tax commissioner into the state treasury
3 and be applicable to the general fund.

1 SECTION 10. This act shall take effect upon its passage.

