

By Mr. Umana, a petition of Oliver F. Ames, William L. Saltonstall and Mario Umana for legislation to enable cities and towns to levy a tax on earnings. Taxation.

The Commonwealth of Massachusetts

In the Year One Thousand Nine Hundred and Seventy.

AN ACT ENABLING CITIES AND TOWNS TO LEVY A TAX ON EARNINGS.

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. The General Laws are hereby amended by adding
2 a new chapter 62C, as follows: —

3 *Section 1. Meaning of Terms.* As used in this chapter the
4 following terms shall have the following meanings: —

5 (a) "Commissioner", the commissioner of corporations and
6 taxation.

7 (b) "Commission", the state tax commission.

8 (c) "Dependent", an individual over one-half of whose sup-
9 port is provided by the taxpayer for the taxable year in
10 question and who is:

11 (1) a son, daughter, stepson, or stepdaughter of the tax-
12 payer, or a descendant thereof;

13 (2) a ward of the taxpayer, or

14 (3) the father or mother of the taxpayer or his spouse.

15 (d) "Gross taxable income", the sum of all wages, salaries,
16 bonuses, profits, commissions or other compensation for serv-
17 ices which are rendered by a taxpayer within, or which are
18 attributable to, the taxing municipality including but not
19 limited to:

20 (1) compensation for services rendered within the taxing
21 municipality, whether payment therefor is made within
22 or outside said municipality, and

23 (2) compensation for services rendered outside the taxing
24 municipality if the taxpayer is headquartered or main-

25 tains his primary place of business within said municipi-
26 pality.

27 (e) "Net taxable income", gross taxable income less the
28 sum of all exclusions under Section 3.

29 (f) "Taxpayer", any natural person realizing gross taxable
30 income.

31 *Section 2. Tax Imposed.* A tax is hereby imposed at the
32 rate of one percent per annum on the net taxable income of
33 all persons employed in those municipalities adopting the pro-
34 visions hereof.

35 *Section 3. Exclusions.* Each taxpayer shall be permitted the
36 following exclusions from his gross taxable income, provided
37 that the sum of all his exclusions shall not exceed ten thousand
38 dollars:

39 (a) two thousand dollars for the taxpayer;

40 (b) two thousand dollars for the taxpayer's spouse; pro-
41 vided that if both spouses are subject to tax hereunder, the
42 sum of their exclusions under this subsection shall not exceed
43 four thousand dollars, whether or not they are subject to tax
44 in the same municipality; and provided further that if they are
45 subject to tax in different municipalities, they shall split all
46 their exclusions equally;

47 (c) one thousand dollars for each dependent;

48 (d) that portion of the rent actually paid by the taxpayer
49 during the taxable year, as a residential tenant in the taxing
50 municipality, which is fairly attributable to the real property
51 tax levied by the taxing municipality on the premises which
52 he rents; provided that this exclusion shall not exceed two
53 thousand dollars per annum.

54 *Section 4. Payment and Collection of Tax; Regulations.* The
55 tax shall be payable in full for each taxable year ending June
56 30th no later than the next succeeding October 1st. The com-
57 missioner shall collect all taxes imposed hereunder and shall
58 promptly remit the net proceeds of such collections to the
59 several taxing municipalities after deducting the reasonable
60 cost of collection, but not to exceed five percent of gross col-
61 lections. The commission shall have the power to promulgate
62 regulations not inconsistent herewith in regard to the compu-

63 tation, method of payment or time of payment of any tax
64 imposed hereunder, including, without limitation, regulations
65 establishing a payroll deduction plan. All tax payments made
66 hereunder, whether made directly by the taxpayer or for his
67 account by his employer, shall be accompanied by a tax return
68 on a form or forms to be provided by the commissioner. Taxes
69 remaining unpaid after the date upon which the same are re-
70 quired to be paid shall bear interest at the rate of six percent
71 per annum, which shall be added to and become part of the
72 tax. The commissioner shall have for the collection of taxes
73 assessed under this chapter all of the powers and remedies
74 provided him by chapter sixty-two for the collection of taxes
75 on income.

76 *Section 5. Failure to File; Fraudulent Returns; Penalties.*

77 (a) whoever willfully fails to file a return at the time or
78 times provided herein or by any regulation promulgated here-
79 under, and whoever files a fraudulent return, shall be punished
80 by a fine of not less than one hundred dollars nor more than
81 two thousand dollars, or by imprisonment for not more than
82 one year, or both.

83 (b) Any person who wilfully aids or assists in or procures,
84 counsels or advises the preparation or filing of a return known
85 by him to be fraudulent, shall be punished as provided in sub-
86 section (a) hereof.

1 SECTION 2. The provisions of this chapter shall become
2 effective in any municipality on July 1st next succeeding
3 adoption hereof by said municipality or on July 1, 1971, which-
4 ever is later.

1 SECTION 3. The provisions of this chapter are severable,
2 and if any of its provisions shall be held unconstitutional or
3 otherwise invalid by decision of any court or competent juris-
4 diction, such decision shall not affect or impair any of the
5 remaining provisions.

42. In case of any tax, method of payment or time of payment of any tax
 43. imposed hereunder, including without limitation, registration
 44. tax, shall be ascertained from the laws of the State in which
 45. the property is situated, whether used directly by the taxpayer or for his
 46. benefit by his assignee, shall be accompanied by a tax return
 47. in a form or forms to be provided by the Commissioner. Taxes
 48. remaining unpaid after the date upon which the same are re-
 49. quired to be paid shall bear interest at the rate of six percent
 50. per annum which shall be added to and become part of the
 51. tax. The Commissioner shall have for the collection of taxes
 52. assessed under this chapter all of the powers and remedies
 53. provided him by chapter six-hundred and thirty-two for the collection of taxes
 54. on income.

55. Section 6. When to file. Payment of taxes. Payment.
 56. (a) Whoever willfully fails to file a return at the time or
 57. time provided herein or by any resolution passed here-
 58. under, and whose tax is paid, and return shall be provided
 59. to him or not less than two hundred dollars nor more than
 60. two thousand dollars, shall be imprisoned for not more than
 61. one year or both.
 62. (b) Any person who willfully aids or assists in or procures
 63. another to evade the payment of any of a return known
 64. by him to be fraudulent, shall be punished in sub-
 65. section (a) hereof.

66. Section 7. The provisions of this chapter shall become
 67. effective in any municipality on July 1st next succeeding
 68. its adoption hereof by and retroactively on July 1, 1901, a date
 69. over is later.

70. Section 8. The provisions of this chapter are applicable
 71. to any city or town of this State which is not a municipality
 72. as defined by the laws of this State at any time or times here-
 73. after, such action shall not affect or impair any of the
 74. provisions hereof.