

By Mr. Flaherty of Boston, petition of Michael F. Flaherty and another for legislation to clarify the tax laws relative to trusts. Taxation.

The Commonwealth of Massachusetts

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

AN ACT TO CLARIFY THE TAX LAWS OF THE COMMONWEALTH WITH RESPECT TO TRUSTS.

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. Subsection (c) of Section 10 of Chapter 62 of the
2 General Laws is amended by striking therefrom the words: "Of the
3 creation of the trust" appearing immediately following the words:
4 "at the time" and substituting therefor the words: "the trust
5 becomes irrevocable" so that said Subsection (c) will be as
6 follows:—

7 "(c) The provisions of subsections (a) and (b) of this section
8 shall apply to guardians and conservators appointed by a Massa-
9 chusetts court; trustees under the will of a person who died an
10 inhabitant of the commonwealth; and trustees under a trust
11 created by a person or persons, any one of whom was an inhabitant
12 of the commonwealth at the time the trust becomes irrevocable or
13 at any time during the year for which the income is computed, or
14 who died an inhabitant of the commonwealth; any one of which
15 trustees of other fiduciaries is an inhabitant of the commonwealth;
16 provided, however, that said provisions shall not apply to trustees
17 of pooled income funds, as defined in section six hundred and
18 forty-two (c)(5) of the Code, or to trustees of charitable remainder
19 annuity trusts or charitable remainder unitrusts, as defined in
20 section six hundred and sixty-four (d) of the Code".

1 SECTION 2. Subsection (e) of section 17 of chapter 62 of the
2 General Laws, as most recently amended by section 1 of chapter
3 912 of the acts of 1973, is hereby further amended by striking out

4 the third and fourth sentences and inserting in place thereof the
5 following sentences: — No loss of such partnership incurred dur-
6 ing a taxable year ending prior to nineteen hundred and eighty-
7 seven may be allocated to any participating account but such loss
8 may be used by the partnership as provided in clause (2) of subsec-
9 tion (c) of section two. No participating account deriving income
10 from other sources that such partnership may use any item of
11 income, loss, deduction or credit from such other sources to reduce
12 any income derived from partnership for taxable years ending
13 prior to nineteen hundred and eighty-seven.

1 SECTION 3. Section one of this act shall be effective with
2 respect to tax years beginning on or after January first, nineteen
3 hundred and eighty-seven.