

# HOUSE . . . . . No. 3228

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By Mr. Cox of Lowell, petition of John F. Cox for legislation to provide tax incentives to corporations who share the dependent care costs of employees by offering dependent care assistance programs as benefits. Taxation.

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## The Commonwealth of Massachusetts

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

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AN ACT PROVIDING TAX INCENTIVES TO CORPORATIONS WHO SHARE THE DEPENDENT CARE COSTS OF THEIR EMPLOYEES BY OFFERING DEPENDENT CARE ASSISTANCE PROGRAMS AS BENEFITS.

*Be it enacted by the Senate and House of Representatives in General Court assembled, and by the authority of the same, as follows:*

1 Chapter 63 of the General Laws is hereby amended by adding  
2 after section 38J the following new sections: —

3 *Section 38K.* (a) Definitions. For purposes of this section: —

4 (1) Dependent Care Assistance means the payment, reimburse-  
5 ment or contribution made by a corporation for expenditures  
6 incurred by or on behalf of an employee for dependent care.

7 (2) Dependent means any person under the age of eleven who  
8 the employee can claim as a tax deduction or who is a child of em-  
9 ployee.

10 (b) Dependent Care Assistance Program shall be written plan of  
11 a corporation for the exclusive benefit of its employees to provide  
12 its employees with dependent care assistance which meets the  
13 requirements of paragraphs (A) through (C) of this subsection.

14 (A) The program shall benefit those employees who qualify  
15 under a non-discriminatory classification established by the corpo-  
16 ration. The corporation need not consider those employees who, as  
17 members of a collective bargaining unit, have secured dependent  
18 care assistance through collective bargaining.

19 (B) No more than 25% of the amount paid or incurred annually  
20 by a corporation for dependent care assistance may be provided to  
21 any person who

22 1) is a shareholder or owner of the corporation and

23 2) owns more than 5% of the stock or capital or profits interests  
24 of the corporation.

25 (C) The corporation shall provide reasonable notification of the  
26 availability and terms of the program to eligible employees.

27 (C) In determining the net income subject to tax under this  
28 chapter, a domestic or foreign business corporation, at its election,  
29 may deduct the expenditures paid or incurred during the taxable  
30 year for dependent care assistance provided to employees through  
31 a dependent care assistance program notwithstanding any other  
32 deductions available under Chapter 63.

33 *Section 38L.* (a) In addition to any benefits provided in section  
34 38I, a corporation that offers a dependent care assistant program  
35 shall be allowed a credit against its excise due under this chapter.  
36 The amount of this credit will equal 25% of the total expenditures  
37 for dependent care assistance incurred by the corporation.

38 *Section 38M.* (a) The Commissioner of Revenue shall notify all  
40 corporate employees subject to taxation under this chapter of the  
41 provisions of sections 38I and 38J.