

By Mr. Cox of Lowell, petition of John F. Cox relative to increasing the personal deductions under the income tax law. Taxation.

**The Commonwealth of Massachusetts**

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

AN ACT RELATIVE TO INCREASING THE PERSONAL DEDUCTIONS UNDER THE STATE TAXATION LAWS.

*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. Chapter 62 of the General Laws is hereby amended  
2 by striking out section 3, as most recently amended by section 4B  
3 of this act, and inserting in place thereof the following section: —

4 *Section 3.* A. In determining the Part A taxable income, the  
5 Part A adjusted gross income shall be reduced by the following  
6 deductions and exemptions.

7 (a) There shall be deducted from the Part A adjusted gross  
8 income in determining the Part A taxable income: —

9 (1) Such net amount of the Part A adjusted gross income of  
10 trustees or other fiduciaries subject to taxation under sections nine  
11 or ten as is payable to or accumulated for persons not inhabitants  
12 of the commonwealth to the extent that such income would not be  
13 subject to taxation under section five A if received by a non-resident.

14 (2) Such net amount of the Part A adjusted gross income of  
15 trustees, executors or administrators as is pursuant to the terms of  
16 the will, deed or other instrument governing the estate or trust  
17 currently payable to or irrevocably set aside for public charitable  
18 purposes, or to or for the benefit of any organization or organiza-  
19 tions established and operated exclusively for charitable purposes.

20 (3) In the case of an individual or a married person filing separ-  
21 ately, who has attained the age of sixty-five before the close of the  
22 taxable year, an amount up to six thousand dollars.

23 (4) In the case of married persons filing a joint return, either of  
24 which have attained the age of sixty-five before the close of the  
25 taxable year, an amount up to six thousand six hundred dollars.

26 (b) An exemption shall be allowed under this section equal to  
27 the amount by which the total exemptions allowable under Part B  
28 of section three exceed the Part B adjusted gross income less the  
29 deductions allowable under paragraph (a) of Part B of section  
30 three. No exemption shall be allowed hereunder to any married  
31 person unless a joint return is filed.

32 (B) In determining the Part B taxable income, the Part B  
33 adjusted gross income shall be reduced by the following deduc-  
34 tions and exemptions:

35 (a) There shall be deducted from the Part B adjusted gross  
36 income in determining the Part B taxable income:

37 (1) Such net amount of the Part B adjusted gross income of  
38 trustees or other fiduciaries subject to taxation under sections nine  
39 or ten as is payable to or accumulated for persons not inhabitants  
40 of the commonwealth to the extent that such income would not be  
41 subject to taxation under section five A if received by a non-resident

42 (2) Such net amount of the Part B adjusted gross income of  
43 trustees, executors or administrators as is pursuant to the terms of  
44 the will, deed or other instrument governing the estate or trust  
45 currently payable to or irrevocably set aside for public charitable  
46 purposes, or to or for the benefit of any organization or organiza-  
47 tions established and operated exclusively for charitable purposes.

48 (3) Taxes paid to the United States under the provisions of the  
49 Federal Insurance Contributions Act or the Federal Railroad  
50 Retirement Act. In no event shall the aggregate of the otherwise  
51 allowable deductions of this subparagraph and of all sums  
52 deducted from wages as contributions to an annuity, pension,  
53 endowment or retirement fund of the United States government,  
54 the commonwealth or any political subdivision thereof, attribut-  
55 able to any one taxpayer exceed two thousand dollars.

56 (4) All sums deducted from wages as contributions to any  
57 annuity, pension, endowment or retirement fund of the United  
58 States government, the commonwealth or any political subdivi-  
59 sion thereof, provided, that the deduction for such contributions

60 and the deductions otherwise allowable under subparagraph (3)  
61 hereof attributable to any one taxpayer shall not in the aggregate  
62 exceed two thousand dollars, and any income from any contribu-  
63 tory annuity, pension, endowment or retirement fund of the  
64 United States government or the commonwealth or any political  
65 subdivision thereof, to which the employee has contributed, or any  
66 income from a contributory annuity, pension, endowment or  
67 retirement fund of any other state or any political subdivision  
68 thereof, provided that income from any such similar fund estab-  
69 lished under the laws of the commonwealth is not subject to  
70 taxation in such other state or political subdivision.

71 (6) Interests and dividends in the amount of one hundred dol-  
72 lars for a single person or a married person filing a separate return  
73 or two hundred dollars for a husband and wife filing a joint return  
74 from savings deposits, savings accounts, shares or share savings  
75 accounts included in Part B gross income; provided, however, that  
76 there shall be exempt from taxation under the provisions of this  
77 subparagraph, an amount equal to the exemption allowed under  
78 subparagraphs 3 and 4 of subsection A of section 2 of chapter 62.

79 (7) An amount equal to employment-related expenses allowed  
80 for purposes of determining the credit allowable under section  
81 forty-four A of the Code.

82 (8) In the case of an individual who maintains a household  
83 which includes as a member one or more individuals under the age  
84 of twelve who qualify for exemption as a dependent under section  
85 one hundred and fifty-one of the Code, six hundred dollars; pro-  
86 vided, that no deduction shall be allowed under this subparagraph  
87 if a deduction is claimed under subparagraph (7) of this paragraph.  
88 If the taxpayer is married at the close of the taxable year, the  
89 deduction provided herein shall be allowed only if the taxpayer  
90 and his spouse filed a joint return for the taxable year. For the  
91 purposes of this subparagraph, the term "maintaining a house-  
92 hold" shall have the same meaning as in section forty-four A of the  
93 Code.

94 (9) In the case of an individual who pays rent for his principal  
95 place of residence and such residence is located in the Common-  
96 wealth, an amount equal to fifty percent of such rent. In no event

97 shall the deduction under this subparagraph exceed two thousand  
98 five hundred dollars.

99 (b) The following exemptions shall be allowable to individuals  
100 against the Part B income:

101 (1) In the case of a single person,

102 (A) a personal exemption of two thousand four hundred  
103 dollars,

104 (B) an additional exemption of two thousand four hundred  
105 dollars if the taxpayer was totally blind at the close of his taxable  
106 year, and

107 (C) an additional exemption of nine hundred dollars if the  
108 taxpayer had attained the age of sixty-five before the close of his  
109 taxable year.

110 (2) In the case of a husband and wife filing a joint return,

111 (A) a personal exemption of two thousand four hundred dol-  
112 lars, and an amount not exceeding two thousand four hundred  
113 dollars, equal to the earned income included in Part B gross  
114 income of the spouse having the smaller amount of such income;  
115 and an additional exemption of two thousand one hundred dollars  
116 for the spouse having the smaller amount of such income, pro-  
117 vided that the total amount of such income of such spouse for the  
118 calendar year in which the taxable year of the taxpayer began did  
119 not exceed two thousand four hundred dollars. "Earned income",  
120 as used herein, shall mean salary, wages, other employee compen-  
121 sation, self-employment income and any amount received as a  
122 pension or annuity to the extent includable in earned income as  
123 defined under section nine hundred and eleven (b) of the Code. In  
124 no event shall the exemptions under this subsection exceed four  
125 thousand eight hundred dollars.

126 (B) an additional exemption of two thousand four hundred  
127 dollars for each spouse who was totally blind at the close of his  
128 taxable year, and

129 (C) an additional exemption of nine hundred dollars for each  
130 spouse who had attained the age of sixty-five before the close of his  
131 taxable year.

132 (3) In the case of a married person filing a separate return,

133 (A) a personal exemption of one thousand two hundred dollars,

134 (B) an additional exemption of two thousand four hundred  
135 dollars if the taxpayer was totally blind at the close of his taxable  
136 year, and

137 (C) an additional exemption of nine hundred dollars if the  
138 taxpayer had attained the age of sixty-five before the close of his  
139 taxable year.

140 (4) An exemption of nine hundred dollars for each individual  
141 who qualifies for exemption as a dependent under section one  
142 hundred and fifty-one (e) of the Code.

143 (5) An amount equal to the deduction for medical, dental and  
144 other expenses allowed under section two hundred and thirteen of  
145 the Code, provided that the individual itemizes deductions on his  
146 federal income tax return and has excess itemized deductions  
147 thereon. No exemption shall be allowed under this paragraph to  
148 an individual who files a joint federal income tax return with his  
149 spouse unless a joint return is also filed under this chapter.

150 (6) An amount equal to the fees, in excess of three percent of the  
151 Part B adjusted gross income paid within the taxable year to any  
152 agency licensed to place children for adoption by the taxpayer on  
153 account of the adoption of a minor child.

154 (c) Except as hereinafter provided for a non-resident, if the  
155 taxable year of any person subject to tax under this chapter is a  
156 short taxable year, and such short taxable year is not due to the  
157 death of such person, any exemption under paragraph (b) of this  
158 section shall be limited to an amount equal to the exemption  
159 otherwise allowable by this section multiplied by a fraction the  
160 numerator of which is the number of days in the taxable year and  
161 the denominator of which is three hundred and sixty-five. If a  
162 taxpayer is a non-resident for all or any part of a taxable year, he  
163 shall be allowed exemptions under this section equal to the  
164 amount otherwise determined under this section multiplied by a  
165 fraction the numerator of which is his Massachusetts gross income  
166 and the denominator of which is the amount which would have  
167 been his Massachusetts gross income had he been a resident of the  
168 commonwealth throughout the taxable year.

1 SECTION 2. Subparagraph (2) of paragraph (b) of subsection  
2 B of section 3 of chapter 62 of the General Laws, as most recently

3 amended by section 4C of this act, is hereby further amended by  
4 striking out clause (A) and inserting in place thereof the following  
5 clause: —

6 (A) a personal exemption of two thousand four hundred dollars  
7 for each spouse.



