

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

The Commonwealth of Massachusetts

In the Year One Thousand Nine Hundred and Ninety-Two.

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, reimbur-
5 sement 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
9 employee.

10 (b) Dependent Care Assistance Program shall be written plan
11 of a corporation for the exclusive benefit of its employees to
12 provide its employees with dependent care assistance which meets
13 the 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
16 corporation. The corporation need not consider those employees
17 who, as members of a collective bargaining unit, have secured
18 dependent 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
21 to 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
26 the availability and terms of the program to eligible employees.

27 (D) 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
39 all corporate employees subject to taxation under this chapter of
40 the provisions of sections 38I and 38J.