

HOUSE No. 5063

The Commonwealth of Massachusetts

HOUSE OF REPRESENTATIVES, May 1, 1969.

The committee on Taxation, to whom was referred the petition (accompanied by bill, House, No. 1821) of James H. Wright for legislation to clarify the status of retirement plans for self-employed persons under the personal income tax law, reports the accompanying bill (House, No. 5063) [Senator Kenneally dissenting].

For the committee,

JAMES A. O'BRIEN, JR.

The Commonwealth of Massachusetts

In the Year One Thousand Nine Hundred and Sixty-Nine.

AN ACT TO CLARIFY THE STATUS OF RETIREMENT PLANS FOR SELF-EMPLOYED INDIVIDUALS UNDER THE PERSONAL INCOME TAX LAW.

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. Section 8 of chapter 62 of the General Laws is
2 hereby amended by striking out clauses (i) and (j), as ap-
3 pearing in section 2 of chapter 485 of the acts of 1947, and
4 inserting in place thereof the following clauses: —

5 (i) Payments made by an employer to or under a stock
6 bonus, pension, profit-sharing or annuity plan qualifying un-
7 der section four hundred and one of the Federal Internal
8 Revenue Code, as amended and in effect for the taxable year,
9 to the extent that such payments are deductible under section
10 four hundred and four of said Code; or payments made by an
11 employer to any other trust forming part of a pension, an-
12 nuity, disability, death benefit, profit-sharing or stock bonus
13 plan of such employer, the income of which is exempt under
14 clause (j) and which, except for the provisions of this clause,
15 might be deemed to be taxable income of the employee in the
16 year in which such payment is made, but nothing contained
17 in this clause shall exempt from taxation amounts distributed
18 by such a trust.

19 (j) Income of a qualified trust, as defined under section
20 four hundred and one of the Federal Internal Revenue Code,
21 as amended and in effect for the taxable year, or of any other
22 trust forming part of a pension, annuity, disability, death
23 benefit, profit-sharing or stock bonus plan of an employer for
24 the exclusive benefit of some or all of his employees or their
25 beneficiaries, to which contributions are made by such em-
26 ployer or employees, or both, for the purpose of distributing
27 to such employees or their beneficiaries the corpus and income
28 of the fund accumulated by the trust in accordance with such

29 plan, it being impossible under the trust instrument, at any
30 time prior to the satisfaction of all liabilities with respect to
31 employees and their beneficiaries under the trust, for any
32 part of the corpus or income to be, within the taxable year
33 or thereafter, used for, or diverted to, purposes other than
34 for the exclusive benefit of his employees or their benefi-
35 aries.

1 SECTION 2. This act shall apply with respect to taxable
2 years commencing after December thirty-first, nineteen hun-
3 dred and sixty-eight.

