

HOUSE No. 4880

The Commonwealth of Massachusetts

HOUSE OF REPRESENTATIVES, November 9, 1999.

The committee on Taxation, to whom was referred the petition (accompanied by bill, House, No. 1108) of Nancy Flavin relative to the computation of taxes on income derived from trusts, reports recommending that the accompanying bill (House, No. 4880) ought to pass.

For the committee,

JOHN H. ROGERS.

The Commonwealth of Massachusetts

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

AN ACT RELATIVE TO THE TAXATION OF CERTAIN STATE INCOME.

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 10(g) of Chapter 62 of the General Laws,
2 as appearing in the 1998 Official Edition, is hereby amended by
3 inserting after the word "code" in line 80, the following phrase:—
4 or who is a beneficiary receiving income included in gross income
5 under subsection (h).

1 SECTION 2. Section 10 of Chapter 62 of the General Laws, as
2 so appearing, is hereby amended by inserting after subsection (g)
3 the following new subsections:—

4 (h) A trustee or other fiduciary receiving income included in
5 the gross income of a beneficiary by reason of the provisions of
6 section six hundred and fifty-two and or section six hundred and
7 sixty-two of the code shall be allowed a deduction in computing
8 the taxable income of the trust for that portion of Part A, Part B or
9 Part C income attributable to such beneficiary, and the income
10 shall be included in the gross income of such beneficiary. The
11 amount of the deduction for the trust and the amount of the
12 income inclusion for the beneficiary shall be adjusted to account
13 for the difference between the calculation of federal taxable
14 income under the code and the calculation of Massachusetts tax-
15 able income under this chapter.

16 (i) A trustee or other fiduciary receiving income taxable to a
17 beneficiary under subsection (h) shall file with its return of
18 income a schedule indicating the items of income attributable to
19 such beneficiary and the name and taxpayer identification number
20 of the beneficiary.

21 (j) A trustee or other fiduciary receiving Part A income, Part B
22 income or Part C income taxable to a beneficiary under subsec-
23 tion (h) shall deduct and withhold from distributions of such

24 income a tax at the rate applicable to income of that class. The tax
25 so withheld shall not reduce the amount of income taxable to the
26 beneficiary but shall be included in his return of income and shall
27 be credited against the amount of income tax as computed in such
28 return.

1 SECTION 3. Sections twelve and twelve A of chapter sixty-two
2 of the General Laws are hereby repealed.

1 SECTION 4. Section 13 of chapter 62 of the General Laws, as
2 so appearing, is hereby amended by changing the reference to sec-
3 tions ten to twelve A in line one to sections ten and eleven.

1 SECTION 5. This act shall take effect for tax years beginning
2 on or after January first, nineteen hundred and ninety-nine.
3 Section 10(j) of Chapter 62 of the General Laws as added by
4 section 2 of this act shall apply to taxable years beginning on or
5 after January 1, 1999 and before January 1, 2000.

