

By Mr. Cox of Lowell, petition of John F. Cox relative to the taxation of certain income derived from trusts. Taxation.

The Commonwealth of Massachusetts

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

AN ACT TO CLARIFY THE TAX LAWS OF THE COMMONWEALTH WITH RESPECT TO TRUSTS.

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. Subsection (c) of Section 10 of Chapter 62 of the
2 General Laws as appearing in the 1992 Official Edition, is hereby
3 amended by striking out said Subsection (c) and inserting in place
4 thereof the following: —

5 (c) The provisions of subsections (a) and (b) of this section
6 shall apply to the guardians and conservators; trustees and
7 executors under the will of a person who died an inhabitant of
8 the commonwealth; and trustees under a trust created by a person
9 or persons, any one of whom was an inhabitant of the
10 commonwealth at the time the trust becomes irrevocable or at any
11 time during the year for which the income is computed, or who
12 died an inhabitant of the commonwealth; any one of which
13 trustees or other fiduciaries is an inhabitant of the commonwealth;
14 provided, however, that said provisions shall not apply to trustees
15 of pooled income funds, as defined in section six hundred and
16 forty-two (c)(5) of the Code, or to trustees of charitable remainder
17 annuity trusts, or charitable remainder unitrusts, as defined in
18 section six hundred and sixty-four (d) of the Code.

1 SECTION 2. Subsection (3) of section 17 of Chapter 62 of the
2 General Laws, as appearing in the 1992 Official Edition, is hereby
3 amended by striking out the third and fourth sentences contained
4 therein and inserting in place thereof the following sentences: —

5 No loss of such partnership incurred during a taxable year
6 ending prior to nineteen hundred and ninety-three may be
7 allocated to any participating account but such loss may be used
8 by the partnership as provided in clause (3) of subsection (a) of
9 section four. No participating account deriving income from other
10 sources than such partnership may use any item of income, loss,
11 deduction or credit from such other sources to reduce any income
12 derived from such partnership for taxable years ending prior to
13 nineteen hundred and ninety-four.

1 SECTION 3. Section one of this act shall be effective with
2 respect to tax years beginning on or after January first, nineteen
3 hundred and ninety-four.