# SENATE . . . . . . . No. 1493

By Mr. Keating, a petition (accompanied by bill, Senate, No. 1493) of
William R. Keating for legislation relative to the taxation of non-resident
S corporation shareholders. Taxation.

## The Commonwealth of Massachusetts

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

AN ACT RELATING TO THE TAXATION OF NONRESIDENT S CORPORATION
SHAREHOLDERS.

*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 6 of Chapter 62 C of the General Laws, as appearing in
2 the 1992 Official Edition, is hereby amended by adding the fol-
3 lowing subsection:

4     (d) The commissioner shall by regulation provide for the filing
5 of composite returns by S corporations and partnerships on behalf
6 of nonresident shareholders or partners who meet the following
7 criteria:

8     (1) the shareholder or partner is an individual, an S corporation
9 trust, or the estate or trust of a deceased person;

10     (2) the shareholder or partner is a nonresident for the share-
11 holder's or partner's entire taxable year;

12     (3) the shareholder or partner has no other Massachusetts
13 source income other than income reported on an another com-
14 posite return and, if the shareholder or partner is married filing
15 jointly, the shareholder or partner's spouse has no other
16 Massachusetts source income other than income reported on
17 another composite return;

18     (4) the shareholder or partner elects to be included in the com-
19 posite return;

20     (5) the shareholder or partner waives the right to claim any
21 deduction, exemption or credit allowed under chapter sixty-two
22 other than those attributable to the S corporation's or partnership's
23 business in the commonwealth; and
24     (6) the shareholder or partner meets such other requirements as
25 the commissioner prescribes.