

By Mr. Cellucci, a petition (accompanied by bill, Senate, No. 1347) of Argeo Paul Cellucci, Stephen W. Doran, Robert A. Durand, John F. MacGovern and Lucile P. Hicks for legislation to provide tax incentives to corporations who share the dependent care costs of their employees by offering dependent care assistance programs as benefits. Taxation.

**The Commonwealth of Massachusetts**

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

AN ACT TO PROVIDE TAX INCENTIVES TO CORPORATIONS WHO SHARE THE DEPARTMENT 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) In determining the net income subject to tax under this  
26 chapter, a domestic or foreign business corporation, at its election,  
27 may deduct the expenditures paid or incurred during the taxable  
28 year for dependent care assistance provided to employees through  
29 a dependent care assistance program notwithstanding any other  
30 deductions available under Chapter 63.

31 Section 38L. (a) In addition to any benefits provided in  
32 section 38I, a corporation that offers a dependent care assistant  
33 program shall be allowed a credit against its excise due under this  
34 chapter. The amount of this credit will equal 25% of the total  
35 expenditures for dependent care assistance incurred by the  
36 corporation.

37 Section 38M. (a) The Commissioner of Revenue shall notify  
38 all corporate employees subject to taxation under this chapter of  
39 the provisions of sections 38I and 38J.