

HOUSE No. 7105

The Commonwealth of Massachusetts

HOUSE OF REPRESENTATIVES, July 12, 1973.

The committee on Taxation, to whom was referred the petition (accompanied by bill, House, No. 2797) of Joseph A. McCue for legislation to clarify the applicability of the bank excise tax to foreign corporations, report recommending that the accompanying bill (House, No. 7105) ought to pass.

For the committee,

JAMES A. O'BRIEN, Jr.

The Commonwealth of Massachusetts

In the Year One Thousand Nine Hundred and Seventy-Three.

AN ACT CLARIFYING THE APPLICABILITY OF THE BANK EXCISE TO FOREIGN CORPORATIONS.

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 1 of chapter 63 of the General Laws,
2 as most recently amended by section 25 of chapter 555 of the
3 acts of 1971, is hereby further amended, in the definition of “net
4 income” contained in the third paragraph by adding after sub-
5 paragraph (iii) the following sentences: – In the case of a bank
6 existing by the authority of a foreign country which is subject to
7 taxation in another state or in a foreign country, the term “net
8 income” shall mean the United States gross income of the bank
9 for the taxable year, less the deductions attributable to such
10 income, other than losses sustained by the bank in other fiscal or
11 calendar years and other than dividends, allowable by the fed-
12 eral Internal Revenue Code applicable for said taxable year, mul-
13 tiplied by a fraction, the numerator of which is an amount equal
14 to the gross income of the bank from all Massachusetts sources
15 for the taxable year and the denominator of which is an amount
16 equal to the United States gross income of the bank for the
17 taxable year. The United States gross income shall mean the gross
18 income which is effectively connected with the conduct of the
19 trade or business of such bank within the United States within
20 the meaning of the federal Internal Revenue Code.

1 SECTION 2. This act shall apply to taxable years ending on
2 and after December thirty-first, nineteen hundred and seventy-
3 three.