SENATE DOCKET, NO. FILED ON: 1/9/2009

**SENATE . . . . . . . . . . . . . . . No.**

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The Commonwealth of Massachusetts

**\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_**

PRESENTED BY:

**Walsh, Marian (SEN)**

**\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_**

*To the Honorable Senate and House of Representatives of the Commonwealth of Massachusetts in General
 Court assembled:*

 The undersigned legislators and/or citizens respectfully petition for the passage of the accompanying bill:

An Act relative to the taxation of financial institutions.

**\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_**

PETITION OF:

|  |  |
| --- | --- |
| Name: | District/Address: |
| Walsh, Marian (SEN) | Suffolk and Norfolk |

[SIMILAR MATTER FILED IN PREVIOUS SESSION
SEE SENATE, NO. S01843 OF 2007-2008.]

The Commonwealth of Massachusetts

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**In the Year Two Thousand and Nine**

**\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_**

An Act relative to the taxation of financial institutions.

 *Be it enacted by the Senate and House of Representatives in General Court assembled, and by the authority of the same, as follows:*

SECTION 1. Section 1 of chapter 63 of the General Laws, as appearing in the 2004 Official Edition, is hereby amended by inserting at the end of the definition of financial institution the following: —

Provided further that for taxable years beginning on or after January 1, 1999, any partnership or any S corporation, as defined under section 1361 of the Internal Revenue Code that otherwise falls within this definition shall not be taxable as a financial institution under this chapter. The partners in such a partnership shall be subject to tax on their distributive share of the partnership’s income. Such an S corporation shall be subject to the provisions of section 32D of this chapter and its shareholders shall be subject to tax on their distributive share of the S corporation’s income. Where such a partnership or S corporation has income from business activity which is taxable both within and without this commonwealth, the provisions of sections 1 and 2A of this chapter shall apply for purposes of determining the net income taxable under said section 32D and the portion of partnership or S corporation distributive income taxable under this chapter or chapter 62.

SECTION 2. Section 1 of this act shall take effect retroactively to January 1, 1999.