HOUSE DOCKET, NO. 3185 FILED ON: 1/18/2013

HOUSE . . . . . No. 2700

The Commonwealth of Massachusetts

PRESENTED BY:

Alice Hanlon Peisch

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 adoption of the accompanying bill:

An Act to reform state economic substance rules.

PETITION OF:

NAME:	DISTRICT/ADDRESS:
Alice Hanlon Peisch	*14th Norfolk*

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HOUSE . . . . . No. 2700

By Ms. Peisch of Wellesley, a petition (accompanied by bill, House, No. 2700) of Alice Hanlon Peisch for legislation to authorize the Commissioner of Revenue to disallow the asserted tax consequences of certain transactions. Revenue.

The Commonwealth of Massachusetts

In the Year Two Thousand Thirteen

An Act to reform state economic substance rules.

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. Chapter 62C of the General Laws, as appearing in the 2010 Official Edition, is hereby amended by striking out Section 3A and inserting in place thereof the following section:-

Section 3A. In applying the laws referred to in section 2, the commissioner may, in his discretion, disallow the asserted tax consequences of a transaction by asserting the application of the sham transaction doctrine or any other related tax doctrine, in which case the taxpayer shall have the burden of demonstrating by a preponderance of the evidence as determined by the commissioner that the transaction met both of the following tests: (i) the transaction changes in a meaningful way (apart from state income tax consequences) the taxpayer's economic position, and (ii) the taxpayer has a substantial non-state-tax purpose for entering into such transaction. Nothing in this section shall be construed to limit or negate the commissioner's authority to make tax adjustments as otherwise permitted by law.

SECTION 2. Section 1 is effective for tax years beginning on or after January 1, 2013.