

SENATE No. 1567

The Commonwealth of Massachusetts

PRESENTED BY:

Karen E. Spilka

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:

Karen E. Spilka

Michael O. Moore

DISTRICT/ADDRESS:

Second Middlesex and Norfolk

Second Worcester

SENATE No. 1567

By Ms. Spilka, a petition (accompanied by bill, Senate, No. 1567) of Karen E. Spilka and Michael O. Moore for legislation to reform state economic substance rules. Revenue.

[SIMILAR MATTER FILED IN PREVIOUS SESSION
SEE SENATE, NO. 1421 OF 2013-2014.]

The Commonwealth of Massachusetts

**In the One Hundred and Eighty-Ninth General Court
(2015-2016)**

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:

1 SECTION 1. Chapter 62C of the General Laws, as appearing in the 2012 Official
2 Edition, is hereby amended by striking out section 3A and inserting in place thereof the
3 following section:-

4 Section 3A. In applying the laws referred to in section 2, the commissioner may, in his
5 discretion, disallow the asserted tax consequences of a transaction by asserting the application of
6 the sham transaction doctrine or any other related tax doctrine, in which case the taxpayer shall
7 have the burden of demonstrating by a preponderance of the evidence as determined by the
8 commissioner that the transaction met both of the following tests: (i) the transaction changes in a
9 meaningful way, apart from state income tax consequences, the taxpayer’s economic position,
10 and (ii) the taxpayer has a substantial non-state-tax purpose for entering into such transaction.

- 11 Nothing in this section shall be construed to limit or negate the commissioner's authority to
- 12 make tax adjustments as otherwise permitted by law.
- 13 SECTION 2. Section 1 shall take effect January 1, 2016.