

AN ALERT FROM THE BDO STATE AND LOCAL TAX PRACTICE

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SALT

► SUBJECT

REPEAL OF MASSACHUSETTS "TECH TAX"

► SUMMARY

On September 27, 2013, Massachusetts Governor Deval Patrick signed Bill H.3662, which repeals the new sales and use tax for certain services relating to computer system design and the modification, integration, enhancement, installation, or configuration of standardized or prewritten software (commonly referred to as the "tech tax"). This law was enacted by L. 2013, c. 46 (H.3535), and it became effective on July 31, 2013.

► DETAILS

The legislation, H.3662¹, repeals the tech tax retroactively to July 31. It provides that those who collected and remitted the tax are eligible for abatement of the tax. In order to qualify for this abatement, those who collected the tax must refund the amount to their customers. Those who did not remit the tax, but indeed collected it, are instructed to make "reasonable efforts" to refund it to their customers. Finally, it should be noted that those who did not collect the tax are exempt from any penalties or fees.

► OBSERVATIONS

The Department of Revenue recently issued TIR 13-17² reflecting the tech tax repeal and its implementation of the repeal legislation. This TIR explains the steps that should be taken regarding the repeal of H.3535.

1 The bill may be viewed at <http://www.malegislature.gov/Bills/188/House/H3662>.

2 The TIR may be viewed at <http://www.mass.gov/dor/businesses/help-and-resources/legal-library/tirs/tirs-by-years/2013-releases/tir-13-17.html>.

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Material discussed in this tax alert is meant to provide general information and should not be acted on without professional advice tailored to your firm's individual needs.



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