

Sales/Use/Indirect:

Massachusetts: Draft Guidance Summarizes New Law that Accelerates Sales Tax Remittance

Working Draft TIR: Tax Provisions in the Fiscal Year 2021 Budget, Mass. Dept. of Rev. (2/12/21). The Massachusetts Department of Revenue (Department) has issued a working draft technical information release (draft TIR) summarizing and explaining certain provisions within the Massachusetts Fiscal Year 2021 Budget [see H.5164 (2020) and *State Tax Matters*, Issue 2020-50, for more details on this new law] that attempt to “modernize” the timeline for sales tax remittance and collection in Massachusetts by directing certain businesses that have collected and remitted more than \$150,000 in sales tax or room occupancy and meals tax in the prior calendar year to remit collections from the first three weeks of each month in the final week of the same month. Specifically, according to the draft TIR, effective April 1, 2021, “certain vendors, including marketplace facilitators, and operators, including intermediaries, must remit on or before the 25th day of the filing period any tax collected on or before the 21st day of the filing period.”

URL: <https://www.mass.gov/technical-information-release/working-draft-tir-tax-provisions-in-the-fiscal-year-2021-budget>

URL: <https://malegislature.gov/Bills/191/H5164>

URL: https://newsletters.usdbriefs.com/2020/Tax/STM/201218_7.html

The draft TIR also explains that the legislation correspondingly amends G.L. c. 62C, § 16(g) and (h) to change the due date for sales and use tax and room occupancy excise returns. The Department provides that effective for tax periods beginning on or after April 1, 2021, a return required to be filed under G.L. c. 62C, § 16(g) or (h) “will be due within 30 days after the close of the tax period covered thereby.” In doing so, the Department notes that, currently, these returns are due “within twenty days after the close of the tax period covered thereby.” Furthermore, the draft TIR clarifies that returns due under these new sections include:

- Room occupancy excise returns filed by operators and intermediaries pursuant to G.L. c. 64G;
- Sales and use tax returns, including returns reporting sales tax on meals, filed by vendors, including marketplace facilitators, pursuant to G.L. c. 64H and 64I; and
- Local sales tax on meals returns filed by vendors pursuant to G.L. c. 64L.

The Department also states that for the April 2021 monthly tax period, returns for these tax types generally will be due on or before May 30, 2021. Please contact us with any questions.

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