

Massachusetts Repeals Sales/Use Tax on Computer System Design Services and the Modification, Integration, Enhancement, Installation or Configuration of Standardized Software

September 30, 2013

Overview

On September 27, 2013, Massachusetts Governor Patrick signed H3662, repealing the tax on computer system design services and the modification, integration, enhancement, installation or configuration of standardized software, retroactively to the imposition date of July 31, 2013. This was emergency legislation, effective immediately upon signature by the Governor. The legislation provides that any vendor that collected and remitted the tax due on these services can file an application for abatement for a refund with the Massachusetts Department of Revenue no later than December 31, 2013. The bill directs the Department of Revenue to make the abatement forms available within 30 days of the effective date of the legislation. Upon receiving the abatement, vendors must refund the tax collected to their customers within 30 days. Similarly, vendors that collected the tax from their customers but have not yet remitted the tax to the department are instructed to refund the tax collected to their customers. The legislation further states that no person who failed to collect or pay the sales or use tax on computer and software services shall be subject to fines, penalties or fees.

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