

# **Massachusetts – Computer and software service sales and use tax reporting deadline delayed to October 20, 2013**

September 17, 2013

## **In brief**

Originally due on September 20, 2013, the Massachusetts Department of Revenue announced that the due date for the first reporting of sales and use tax on computer system design and software modification services will be extended to October 20, 2013. [[Technical Information Release # 13-14](#), Massachusetts Department of Revenue (9/16/13)]

## **In detail**

Effective July 31, 2013, H.B. 3535 imposes Massachusetts sales and use tax on the purchase and use of computer system design services, defined as the planning, consulting, or designing of computer systems that integrate computer hardware, software, or communication technologies, and are provided by a vendor or a third party. In addition, the definition of taxable services is expanded to include not only computer system design services but also "the modification, integration, enhancement, installation, or configuration of standardized software." [Click here](#) for our summary of the new law.

The Department issued initial guidance under Technical

Information Release (TIR) 13-10, including that transactions occurring on July 31, 2013, shall be reported with a taxpayer's August 2013 transactions, which are due to be reported on September 20, 2013. [Click here](#) for our summary of TIR 13-10.

In TIR 13-14, the Department provides an extension of the first due date for the reporting and payment of sales and use taxes with respect to these services relating to computer system design and to modification, integration, enhancement, installation, or configuration of standardized or prewritten software. Pursuant to this extension, reporting and payment of these particular taxes that cover the period July 31, 2013 – September 30, 2013 should be reflected on the

September return due on October 20, 2013.

## **The takeaway**

The Department acknowledged in TIR 13-14 that the governor, senate president, and speaker of the house have issued statements of support for the repeal of the tax on computer system design services. The due date extension is designed to minimize administrative burden on vendors during a period when the legislature is likely to be considering repeal of these new tax provisions.

The Department cautioned that the extension does not apply to other sales and use taxes that were unaffected by the imposition of tax on computer system design and software modification services. Sales

and use taxes remain fully due and payable on sales of tangible personal property (which includes pre-written software, regardless of the delivery method) and taxable telecommunication services.

### ***Let's talk***

If you have questions about the sales and use tax on computer system design and software modification services, please contact:

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