



BULLETIN #108/2020

AUGUST 28, 2020

REMINDER – SALES TAX HOLIDAY ON SATURDAY, AUGUST 29, AND SUNDAY, AUGUST 30

MOTOR VEHICLES ARE NOT EXEMPT FROM SALES TAX

All non-business sales at retail of single items of tangible, personal property costing \$2,500 or less are exempt from sales and use tax on August 29 and 30, 2020.

Key elements impacting dealers include:

- The sales tax exemption DOES NOT apply to motor vehicles. The statute specifically excludes motor vehicles, motorboats, meals, telecommunications services, tobacco products, gas, steam, electricity, and any single item over \$2,500. These items remain subject to tax.
- The exemption DOES apply to parts sold through your service or parts department, provided the part is sold to an individual for *personal use* and priced \$2,500 or less. Sales to corporations or other businesses are still subject to sales tax.
- Where a customer is purchasing multiple items, separate invoices do not need to be prepared. As long as each individual item is \$2,500 or less, there is no upper limit in the tax-free amount each customer may purchase.
- Eligible retail sales are restricted to those transactions occurring on August 29 and 30; prior sales and layaway sales are ineligible for the exemption. If the part was ordered and installed on an earlier date, the customer picks up the vehicle on the 29th or 30th and receives an invoice dated August 29 or 30, and pays for the entire invoice on the 29th or 30th, the parts are exempt from sales tax. However, if the customer brings the car in for service on either the 29th or 30th and picks up the vehicle on any day after the 30th, the customer would have to pay for the repairs on either the 29th or 30th in order to qualify for the sales tax holiday parts exemption.
- The Department of Revenue (DOR) has told us that, in the event of an audit, they will be looking for evidence of the sale taking place on August 29th or 30th, *i.e.* a sales invoice with that date and evidence of payment made that date, and of the item being used for personal use, *i.e.* invoice in the name of an individual and payment made by the individual.
- Since July 1, 2010, it is permissible for a retailer to advertise or hold out or state to the public or any customer, directly or indirectly, that the sales tax or any part thereof will be assumed or absorbed by the retailer. It is OK for a dealer to run an ad that says the dealer will pay the sales tax on a vehicle or other item for the customer. The requirement of the retailer to separately state and collect the tax



customer. The requirement of the retailer to separately state and collect the tax from the customer remains unchanged. What the retailer may do is offer a discount equal to the applicable amount of sales tax.

More detailed information is available from DOR at: <https://www.mass.gov/info-details/sales-tax-holiday-frequently-asked-questions>

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