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**Should You  
Be Paying  
Use Tax?**



**Massachusetts  
Department of Revenue**



931/95

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**What Is the Massachusetts Use Tax?**

The Massachusetts use tax — implemented in 1966 together with the Commonwealth's sales tax — applies to purchases made outside Massachusetts that are used, consumed or stored in the Commonwealth. Unlike sales tax which is collected by the merchant from whom you make your purchase, use tax, in most cases, is paid by you directly to the state. The use tax is levied at the same 5 percent rate and on the same purchases as the Massachusetts sales tax.

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**Who Should Pay Use Tax?**

Both individuals and businesses are required to pay use tax when making out-of-state purchases that are subject to use tax.

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**Must I Pay Use Tax on All Out-of-State Purchases?**

If you make a purchase in another state — or another country — that would be subject to Massachusetts sales tax if purchased in the Commonwealth, and pay no sales tax or pay a sales tax rate less than the 5 percent Massachusetts rate, then you are responsible for paying a use tax to the Commonwealth on that purchase. This applies to purchases that are used, consumed or stored in Massachusetts and includes items that are rented or leased.

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**I Make Occasional Out-of-State Purchases for Personal Use. How Do I Pay Use Tax?**

If you are an individual making a purchase for personal use, and not for business use, you must submit Form ST-10/11 for any year in which you make such purchases. ST-10/11 is due, with payment in full, on or before April 15th of the next calendar year. A copy of Form ST-10/11 is included in this brochure.

**Example:**

In August of 1991 you purchase a stereo system out-of-state for use in Massachusetts and pay no sales tax. You are required to submit Form ST-10/11, with payment in full, by April 15, 1992.

**Note:**

If you purchase a car or trailer on which a use tax is due, you must make your use tax payment to the Registry of Motor Vehicles when you register or title the vehicle. Use tax payments for boats and aircraft are made to DOR on Massachusetts Form ST-6, Certificate of Payment of Sales or Use Tax.

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**I Make Out-of-State Purchases for Business Purposes. How Do I Pay Use Tax?**

If you are a **registered** Massachusetts sales/use tax vendor, you must file your regular annual, monthly or quarterly sales/use tax return, including any use tax payments, according to your sales/use tax payment schedule.

If you are **not currently registered** as a Massachusetts sales/use tax vendor, but do make out-of-state purchases for your business on which a use tax is due, then you should first register with the Commonwealth to pay use tax. To register, you must file Massachusetts registration Form TA-1 for your primary business location and Form TA-2 for any additional locations. There is no registration fee for registering to pay use tax. Information on use tax registration and payment requirements is detailed in Form TA-1.

**Example:**

You operate a business in Massachusetts, purchase a fax machine out-of-state and pay no sales tax. Since the fax machine is for use in your Massachusetts business you are required to pay a 5 percent use tax to the Commonwealth.

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**Are There Penalties for Late Payments and Returns?**

Yes. The penalty for late payment is 1/2 percent per month (or fraction thereof) of the balance due, up to a maximum of 25 percent. The penalty for failure to file a return by the due date is 1 percent per month (or fraction thereof) of the balance due, up to a maximum of 25 percent. If you fail to pay the tax when due, interest will also be charged at a rate of 18 percent per year.

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**What if I Pay Sales Tax in Another State?**

Generally, if you pay a sales tax to another state on purchases to be used, consumed or stored in the Commonwealth, you are automatically entitled to a credit — up to the 5 percent Massachusetts rate — against the Massachusetts use tax. The credit is granted for sales tax paid to another state if that state allows a corresponding sales tax exemption. With the exception of Nevada, most states have corresponding sales tax exemptions; however, a few states allow only limited exemptions. In addition, motor vehicle sales tax exemptions vary from state to state. If you need more information about the status of a specific state, please call DOR's Taxpayer Assistance Bureau at (617) 727-4490, or toll-free in Massachusetts at 1-800-228-0678.

**Example:**

State X imposes a sales tax of 4 percent and has a reciprocal agreement with Massachusetts. You purchase display cabinets in State X for use in your Massachusetts business and pay \$14,000 plus \$560 sales tax on the cabinets. Since State X has a sales tax rate less than the 5 percent Massachusetts rate, you are responsible for remitting the difference to the Commonwealth. The tax you owe is calculated the following way:

\$700 (5% Mass. sales tax obligation)

-\$560 (4% State X sales tax payment)

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\$140 (1% use tax due to Mass.)

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**Do I Have to Pay Use Tax on Telephone or Mail-Order Purchases?**

Yes. If you make a purchase that would be subject to Massachusetts sales tax if purchased in the Commonwealth over the telephone or through mail-order from a state that imposes no sales tax — or a sales tax rate less than 5 percent — you are responsible for paying a use tax.

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**How Do I Find Out if My Purchase Is Exempt From Use Tax?**

Any purchase that is exempt from the sales tax is also exempt from the use tax. To find out if your purchase is exempt from the sales/use tax, please call DOR's Taxpayer Assistance Bureau at (617) 727-4490 or toll-free in Massachusetts at 1-800-228-0678.

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**How Do I Complete the Massachusetts Individual Use Tax Return (Form ST-10/11)?**

To complete Form ST-10/11, follow these instructions:

- Enter your name, address and Social Security number.
- Complete all purchase information on side 2. To calculate any allowable use tax credit on each purchase, enter the sales tax you paid on the purchase or 5 percent of the sales price, whichever is less.
- Enter the amount in Item 9 on the back of the form in Item 2 on the front. Write the amount from Item 10 in Item 4.
- Subtract Item 4 from Item 3. Enter the result in Item 5.
- Enter any interest and penalty charges. To determine if you are liable for interest and/or penalty charges, refer to the section in this brochure entitled, "Are There Penalties for Late Payments and Returns?"
- Add Items 5, 6 and 7 and enter the result in Item 8. This is the total amount due. Make your check payable to the Commonwealth of Massachusetts and write your Social Security number in the lower-left corner of the check.
- Sign and mail this form, along with your payment, to: Massachusetts Department of Revenue, P.O. Box 7009, Boston, MA 02204.

**Massachusetts Department of Revenue  
Individual Use Tax Return**



Name \_\_\_\_\_

Address \_\_\_\_\_ State \_\_\_\_\_ Zip \_\_\_\_\_

<b>Social Security No.</b>	1. Year Purchases Made	19_____
Return is due with payment on or before April 15 for purchases made in the prior calendar year. Make check payable to Commonwealth of Massachusetts. Mail to: <b>Mass. Dept. of Revenue P.O. Box 7009, Boston, MA 02204</b>	2. Total Purchases from Item 9 on reverse	_____
	3. Use tax (5% of Item 2)	_____
I declare under the penalties of perjury that this return has been examined by me and to the best of my knowledge and belief is a true, correct and complete return.	4. Total credit for sales/use tax paid to other states or jurisdictions. From Item 10 on reverse.	_____
	5. Balance. (Subtract Item 4 from Item 3.) Not less than "0"	_____
Signature _____ Title _____ Date _____	6. Interest	_____
	7. Penalty	_____
	8. Total Amount Due	_____

Date of Purchase	Name of Seller, City and State	Quantity and Description of Property Purchased	A. Sales Price	B. Sales/Use Tax Paid or 5% of Sales Price - Whichever is Less
9. Total Purchases. Add all of the purchase prices listed in column A. Enter the result here and in Item 2 on the front.			→ \$	
10. Total Sales/Use tax paid to other states or jurisdictions. Add all of the amounts listed in column B. Enter the result here and in Item 4 on the front.			→ \$	

*Attach an additional statement if more space is necessary*

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**Who Can I Call for  
More Information  
on the Use Tax?**

For more information about the Massachusetts use tax or to request a form, please contact:

Massachusetts Department  
of Revenue  
Taxpayer Assistance Bureau  
Sales/Use Tax Unit  
100 Cambridge Street  
Boston, MA 02204  
(617) 727-4490

Toll-free in Massachusetts  
1-800-228-0678

Telephone and walk-in assistance are also available at any of the DOR offices listed on the back of this brochure.

If you have specific questions about use tax on motor vehicle sales, please call DOR's Determinations Bureau at (617) 727-4661.

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The purpose of this publication is to provide general information about Massachusetts tax laws and Department of Revenue policies and procedures. It is not designed to address all questions in detail. Nothing contained herein supersedes, alters or otherwise changes any provision of the Massachusetts General Laws, Massachusetts Department of Revenue Regulations, Department Rulings or any other sources of the law.

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**Dear Taxpayer:**

Since 1966, the Massachusetts use tax has played a dual role in the health of our economy. Not only does it help fund vital state and local services, but the use tax — which is usually levied on certain out-of-state purchases — keeps the Massachusetts business community competitive with merchants in other states.

At the Department of Revenue (DOR), we want to make sure that all Massachusetts taxpayers — individuals and businesses — understand and honor their potential obligation to pay use tax. The purpose of this brochure is to explain what use tax is and under which circumstances it must be paid.

Keeping the public well informed of its tax responsibilities is only part of our job at DOR. For over two decades, the Department has regularly audited Massachusetts businesses to make sure they have paid use tax on equipment bought from out-of-state suppliers. DOR also reviews customer lists from out-of-state companies to identify those taxpayers who should have paid a use tax directly to the Commonwealth.

Working to clarify and enforce important areas of state taxation is an ongoing process at DOR. Whether this effort is in the form of an enforcement crackdown or part of a series of public information brochures like this one, DOR is committed to helping all taxpayers understand and fulfill their legal responsibilities.

Sincerely,



Mitchell Adams  
Commissioner of Revenue

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## **DOR Offices**

*Toll-free in Massachusetts*  
**1-800-228-0678**

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<b>(617) 727-4490</b>	<b>Boston Headquarters</b> 100 Cambridge Street, MA 02204
<b>(508) 586-4875</b>	<b>Brockton</b> 144 Main Street, MA 02401
<b>(508) 678-2844</b>	<b>Fall River</b> 218 South Main Street, MA 02721
<b>(508) 345-0381</b>	<b>Fitchburg</b> 9 Prichard Street, MA 01420
<b>(413) 774-2740</b>	<b>Greenfield</b> 11 Davis Street, MA 01301
<b>(508) 771-2414</b>	<b>Hyannis</b> 1019 Iyanough Road, Route 132, MA 02601
<b>(508) 458-8426</b>	<b>Lowell</b> 100 Merrimack Street, MA 01852
<b>(508) 655-9208</b>	<b>Natick</b> Apple Hill Mall Route 9 East, MA 01760
<b>(413) 499-2206</b>	<b>Pittsfield</b> 333 East Street, MA 01201
<b>(413) 784-1000</b>	<b>Springfield</b> 436 Dwight Street, MA 01103
<b>(617) 246-0124</b>	<b>Wakefield</b> 27 Water Street, MA 01880
<b>(508) 792-7300</b>	<b>Worcester</b> 75A Grove Street, MA 01605

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