

The Commonwealth of Massachusetts



JOYCE HAMPERS
COMMISSIONER

Department of Revenue

Leverett Saltonstall Building,

100 Cambridge Street, Boston 02204

March 20, 1981

("Lessor") leases equipment under agreements requiring the lessee to reimburse it for property taxes imposed upon the equipment leased. You inquire whether the Massachusetts sales tax applies to charges for personal property tax reimbursement under such agreements.

Massachusetts General Laws Chapter 64H, Section 1(6) defines a vendor's "gross receipts" subject to tax as the total sales price received as consideration for retail sales. In determining the "sales price," no deduction may be taken on account of "the cost of materials used, labor or service cost, interest charges, losses or other expenses". Chapter 64H, Section 1(14)(a)(ii) (emphasis supplied).

Based on the foregoing, it is ruled that the Lessor's charges for personal property tax reimbursement are included in the measure of the gross receipts subject to tax.

Very truly yours,

A handwritten signature in cursive script, appearing to read "Joyce Hampers".

Commissioner of Revenue

LJH:JXD:mf

LR 81-28