



The Commonwealth of Massachusetts

Department of Revenue

Leverett Saltonstall Building,

100 Cambridge Street, Boston 02204

May 24, 1982

L. JOYCE HAMPERS
COMMISSIONER

Inc. ("Caterer") operates a cafeteria owned by another company. The Caterer provides the meals and bills the company on a monthly basis an amount representing its operating expense and management fee, less amounts collected from consumers of the meals. The operating expense includes the cost of food, labor, paper, and other items. The management fee is a percentage of the total operating expense.

You request a ruling concerning the application of the sales tax on meals to amounts received by the Caterer.

General Laws Chapter 64H, Section 2 imposes the sales tax at the rate of 5% of a vendor's gross receipts. "Gross receipts" is defined in Chapter 64H, Section 1(6) as "the total sales price received by vendors as consideration for retail sales."

Based on the foregoing it is ruled that, for sales tax purposes, taxable gross receipts from the sale of meals by the Caterer include the amounts paid to the Caterer for management fees and for reimbursement of net operating expenses as well as amounts received by the Caterer from the actual consumers of the meals.

Very truly yours,

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

Commissioner of Revenue

LJH:RSF:mf

LR 82-53