



IRA A. JACKSON
COMMISSIONER

The Commonwealth of Massachusetts
Department of Revenue
Leverett Saltonstall Building
100 Cambridge Street, Boston 02204

January 16, 1985

You request a ruling regarding the application of the sales tax to purchases of paper by ("Law Firm"). You state that the Law Firm produces many personal documents and papers for its clients. You request a ruling stating that the purchase of paper used to produce such documents is exempt from the sales tax.

Chapter 64H, Section 2 of the General Laws imposes a five percent sales tax on retail sales of tangible personal property. The term "retail sale" is defined as "a sale of tangible personal property for any purpose other than resale in the regular course of business." (G.L. c. 64H, § 1(13)).

The term "retail sale" does not include professional, insurance, or personal service transactions which involve no sale of tangible personal property or which involve sales of tangible personal property as inconsequential elements for which no separate charges are made. (See G.L. c. 64H, § 1(13)(c)).

The Sales and Use Tax Regulation on Service Enterprises provides that service transactions are not subject to the sales tax if the real object of the transaction is the service itself, and no transfer or an inconsequential transfer of tangible personal property occurs. (830 CMR 64H.03(2)(a)(1.), (2)).

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The Regulation also states that "[a] service enterprise is the consumer of parts, material, and other tangible personal property which it purchases for use primarily under a service contract, and such enterprise shall pay the sales tax upon its purchase of such property." (830 CMR 64H.03(5)).

When a client employs a law firm, the object of the transaction is to obtain the services of a lawyer, not to acquire tangible personal property. Inconsequential transfers of tangible personal property may occur, but that does not change the character of the professional service transaction.

The Law Firm is the consumer of the paper it buys to produce documents for its clients. Therefore, the Law Firm's purchase of paper is subject to the sales tax.

Very truly yours,

M. J. Sullivan
Commissioner of Revenue

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