

# The Commonwealth of Massachusetts



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COMMISSIONER

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On behalf of the  
you ask the following questions about the Massachusetts sales tax  
treatment of secretarial and word processing transactions performed  
by a secretarial service:

1. Does the sales tax apply to a secretarial service's charges  
for manually typing letters, address labels, envelopes or documents?

2. A secretarial service supplies a customer with photocopies  
of material typed or printed by the service or by the customer.  
On its bill for the copies, the service breaks out separate amounts  
for the copies and for the labor expended in producing them. Does  
the sales tax apply to the service's charges for the copies?

3. A customer brings a secretarial service a resume or  
manuscript. Using a word processing machine, the service records  
the resume or manuscript on magnetic media and prints a draft.  
The customer notes corrections and other changes on the draft.  
The service then records the changes and uses the word processing  
machine to print a final copy or copies of the resume or manuscript.  
Does the sales tax apply to the charge for recording the resume or  
manuscript, printing the draft, recording changes in the draft, and  
printing the copy or copies?

4. A customer brings a secretarial service the text of a  
letter to be sent to four persons, and the names and addresses  
of the addressees. The service prints the letters automatically  
on its word processing machine. Is the charge for the letters  
subject to the sales tax?

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5. An attorney brings a secretarial service a "library" of numbered standard will paragraphs. The service records the paragraphs on magnetic media, and uses a word processing machine to print a copy of the entire library that is transferred to the attorney. The attorney later requests a will containing selected paragraphs from the library and appropriate names, dates and other information unique to the particular will. The service uses the word processing machine to prepare finished copies of the will. Does the sales tax apply to the charges for recording the paragraph library, supplying the attorney with a printed copy of the entire library, and preparing copies of an individual will?

6. A customer provides a secretarial service with 2,000 names and addresses of persons to whom the customer sends a monthly mailing. The service uses a word processing machine to sort the information into zip code sequence and record it on magnetic media. Each month the word processing machine prints the names and addresses on labels that the service transfers to the customer. Does the sales tax apply to the service's charge for sorting the names and addresses, recording them on magnetic tape, and printing the labels every month?

7. A customer brings a secretarial service the text of a form letter and the names and addresses of 250 persons to whom the letter will be sent. The service uses a word processing machine to record the text, names and addresses on magnetic media, and to print 250 copies of the letter, one to each of the addressees. The machine also prints the names and addresses on 250 envelopes. Does the sales tax apply to the charge for recording the text, names and addresses, printing the 250 copies of the letter, and printing the names and addresses on the envelopes?

Massachusetts General Laws Chapter 64H, Section 2 imposes a tax on sales at retail of tangible personal property.

"Sale" includes:

"(e) A transfer for a consideration of the title or possession of tangible personal property which has been produced, fabricated or printed to the special order of the customer, or of any publication.

/and/

(f) The furnishing of information by printed, mimeographed or multigraphed matter or by duplicating written or printed matter in any other manner, including the services of collecting, compiling or analyzing information of any kind or nature and

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furnishing reports thereof to other persons, but excluding the furnishing of information which is personal or individual in nature and which is not or may not be substantially incorporated in reports furnished to other persons..." (G.L. c. 64H, s. 1(12)).

Section 1(14) of Chapter 64H provides that any amount paid for any services that are a part of a sale must be included in determining the sales price of property on which the sales tax is based, and that no deduction may be taken on account of the cost of materials used, labor or service cost, or other expenses. On the other hand, Section 1(13)(c) of Chapter 64H excludes from the definition of "sale at retail" personal service transactions which involve no sale of tangible personal property or which involve sales as inconsequential elements for which no separate charges are made.

The Department of Revenue's amended sales and use tax regulation on printing (830 CMR 64H.04) provides in Subsection (4) that when a printer charges his customer for services that are a part of the production of printed matter, such as overtime set up charges, embossing, binding operations and similar activities, the printer shall collect a sales tax on the total fee without any deduction for the part of the fee attributable to these services which the printer provides. The regulation further states in Division (5)(b) that when a printer provides the envelopes, either plain or printed with a logo type, return-address, self-address or any other type of imprint for the purpose of mailing, he must collect a sales tax on the total fee charged for the envelopes (exclusive of separately-stated postage, if any).

Based on the foregoing, it is ruled that:

1. Charges imposed by a secretarial service for manually typing letters, address labels, envelopes or documents are not subject to the sales tax.
2. Sales by a secretarial service of photocopies are subject to tax, whether or not the service typed or printed the photocopied material. The sales price on which the tax is based includes any amount broken out for labor expended in producing the copies.
3. When a secretarial service uses a word processing machine to produce a resume or manuscript for a customer, the sales tax applies to the entire charge therefor, even if separate amounts are broken out on the bill to the customer.

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4. When a secretarial service uses a word processing machine to produce four letters, identical except for the names and addresses of the addressees, the sales tax applies to the entire charge therefor.

5. When a secretarial service, using a word processing machine, records a library of standard will paragraphs on magnetic media for an attorney, supplies him with a copy of the entire library, and prepares copies of an individual will containing selected paragraphs and information unique to that will, the sales tax applies to the entire charge therefor, even if separate amounts are broken out on the bill or bills to the attorney.

6. When a secretarial service uses a word processing machine to sort 2,000 names and addresses for a monthly mailing and record them on magnetic media, and charges its customer for sorting the names and addresses, recording them and printing the names and addresses each month on labels, the sales tax applies to the entire charge therefor, even if separate amounts are broken out on the bill or bills to the customer.

7. When a secretarial service uses a word processing machine to prepare 250 copies of a form letter, identical except for names and addresses of addressees, and 250 addressed envelopes, the sales tax applies to the entire charge therefor, even if separate amounts are broken out on the bill to the customer (but separately-stated postage is not subject to tax).

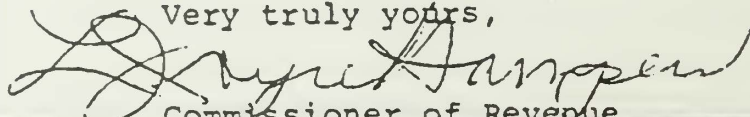
A secretarial service is the consumer of the paper and other materials it uses in typing which is not subject to tax; the service must pay the sales tax when purchasing such materials.

When a secretarial service purchases paper, envelopes or other materials that it will resell or that become an ingredient or component part of tangible personal property that it will sell, it may give a resale certificate (Form ST-4) or an exempt use certificate (Form ST-12), as appropriate, in lieu of paying the tax on such purchases.

A secretarial service which uses the same materials both in non-taxable typing and in sales of photocopies or printed matter may give a resale or exempt use certificate in lieu of paying the tax on its purchases of such materials. However, it must pay a use tax on materials that it uses in non-taxable typing at the time of such use.

You also inquire at what rate the sales tax applies. The Massachusetts sales and use tax rate is five per cent (G.L. c. 64H, s. 2).

Very truly yours,

  
Commissioner of Revenue