

Tax Free Weekend in Massachusetts (13-14 August)



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Get your wallets and credit cards ready because Massachusetts has brought back a tax-free weekend (August 13-14, 2011) for most sales in the state. At one time the tax-free holiday was an annual event, but was stopped in 2009 due to state budget short-falls. Despite heavy criticism, Governor Deval Patrick brought the tax-free weekend back, by signing a tax-free bill into law on August 1st, 2011. While this tax-free weekend will reduce state tax revue by an estimated \$20 million, retailers are jumping for joy because it will boost their bottom line in a time when sales are usually down.

Massachusetts is the 19th state to offer a sales tax-free holiday. Currently, Rhode Island does not have one. Consumers from the state of Rhode Island will be traveling, crossing borders to save, which will also add to purchases this weekend. New Hampshire does not have a tax-free holiday because they don't have a sales tax in the state.

What are the stipulations for the sales tax free holiday?



- Any item or items that are purchased for less than \$2,500 are not subject to state sales tax (6.25%): anything that is for personal use.
- Alcohol does fall under this the tax free exemption, which helps since the state started to tax alcohol back in 2009.
- Any item that is purchased by a corporation is subject to the state sales tax.
- Motor vehicles, boats, meals, gas and tobacco products are taxed.
- Clothing. No sales tax unless cost exceeds \$175. For example, if you buy an expensive pocket book for \$400, it is tax free, but if you buy a wedding dress for \$2,550; tax is due on \$2,375 (\$2,550 – \$175). Per www.mass.gov.
- Multiple items. Buying multiple items on one receipt totaling over \$2,500 is not subject to tax. For example, a TV \$800, Stove \$1,200, TV stand \$600, all totaling \$2,600 is not taxed. However, items that are bundled for an amount over \$2,500 are taxed! For example, a computer, monitor, and printer are bundled for a price of \$2,700 will be taxed.
- Coupons. You may use coupons on an item that brings the price down under the \$2,500. For example, if you buy a furniture piece that costs \$2,575 and you have a coupon promotion for \$200 off of the piece of furniture, the

total purchase price is now \$2,375, and so it is not taxed.

- Internet Sales. The same rules apply to any purchase made over the internet on the sales tax free holiday weekend.

This can be a good time for families that need to purchase items and want to save some money. Even though you're technically only saving 6.25%, every bit helps. Experts say consumers should focus on things you need. For example, making purchases like lumber and other items to renovate your home are good items to purchase this weekend. My recommendation is to shop early because the lines will be longer and the stores to be much busier than usual.

Regardless of what you purchase, this tax-free weekend is a win for consumers and retailers and we all love the feeling of saving money. For more information on this event go to www.mass.gov.