

# 10 Things to know about the Massachusetts Tax-Free Weekend



*Who's ready to save some serious money?*

How does two days of tax-free shopping sound? A recently enacted statute will allow just that for most purchases on what has been dubbed the Massachusetts “sales tax holiday weekend.” All Massachusetts businesses normally making taxable sales of tangible personal property that are open on August 15 or 16, 2015 must participate in this sales tax holiday.

If you are ready to put on your shopping shoes to take advantage of the newly enacted statute, read on.

---

## **01. When is the Tax-Free Weekend?**

The tax-free weekend takes place from from August 15th-16th.

## **02. Who can take advantage of the “Tax-Free Weekend”?**

The exemption applies to sales of tangible personal property

bought for **personal use** only. Purchases by corporations or other businesses and purchases by individuals for business use remain taxable.

**03. What items does the exemption apply to?**

Single items of tangible personal property costing \$2,500 or less, subject to certain exclusions. What is **not** included? All motor vehicles, motorboats, meals, telecommunications services, gas, steam, electricity, tobacco products *and* any single item whose price is in excess of \$2,500.

**04. If I buy an item worth more than \$2,500, will the tax exemption apply to the first \$2,500?**

No. Sales or use tax will be due in its entirety for purchases of single items worth more than \$2,500.

**05. Are there any exceptions?**

Yes. For clothing items under \$175, normal sales taxes apply. If you purchase an item of clothing that is more than \$175, it is exempt from taxes up to the threshold of \$2,500. For example, if you purchase a dress that costs \$100, you pay regular sales tax. If you purchase a dress that costs \$500, you pay no sales tax.

If you purchase an item of clothing that exceeds the threshold, you may deduct the first \$175. For example, if you buy a dress that costs \$2,550, tax is due on \$2,375, which is \$2,550-\$175.

**06. What about multiple or bundled items?**

If you are purchasing multiple items, you do not need a separate invoice as long as each individual item is \$2500 or less. Example: A customer purchases a television, a stereo receiver, and a computer. The three separate items costing \$1,500, \$1,200 and \$2,000 can be rung up together, all tax free.

If you purchases several items for sale at a single price, the entire package is exempt if the sales price of the package is

\$2,500 or less. For example, a computer package including a CPU, keyboard, monitor, mouse, and printer with a single sales price of \$3,500 would not qualify for the sales tax holiday exemption because the single sales price of the package (\$3,500) is more than the sales tax holiday threshold amount of \$2,500.

Splitting of items normally sold together, voids the tax exemption.

#### **07. Can I apply a coupon or discount?**

If a store coupon or discount provided by a retailer or manufacturer reduces the sales price of the property, the discounted sales price determines whether the sales price is within the sales tax holiday price threshold of \$2,500 or less. If a store coupon or discount applies to the total amount paid by a purchaser rather than to the sales price of a particular item and the purchaser has purchased both eligible property and taxable property, the seller should allocate the discount on a pro rata basis to each article sold.

Example: A furniture store customer has a coupon for 20% off her entire bill. She purchases a dining room table for \$1,800, and a sofa for \$3,500. The total discount available is \$1,060 ( $\$5,300 \times .20$ ), of which \$360 is attributable to the table ( $\$1,800 \times .20$ ), and \$700 is attributable to the sofa ( $\$3,500 \times .20$ ). No tax is due on the sale of the table. Tax of \$175 is due on the sales price of the sofa, \$2,800 ( $\$3,500 - \$700$ ), as even its discounted price exceeds the \$2,500 threshold.

#### **08. What about exchanges, rain checks, layaway, special order items and rebates?**

- **Exchanges:** If you bring an item back after the sales tax holiday, you may exchange it for an identical or similar eligible item, no tax is due.
- **Layway:** Tax exemption does not apply to layaway sales.
- **Rain Checks:** Exemption applies if the rain check is used

on the tax holiday weekend, not if the rain check is given to you **during**.

- **Special Orders:** If you paid in full for an item by August 15, but its delivery is scheduled for after the tax-free weekend, you are eligible for the tax exemption.
- **Rebates:** Tax exemption only applies if the rebate is effective at the time of sale and it reduces the price to \$2,500 or less.

**09. How about rental items?**

If payment has been made in full during the sales tax weekend, and the item rented is not a motor vehicle or motorboat. The rental cannot be for longer than 30 days.

**10. Does the tax-free holiday apply to something I buy on the internet?**

Yes, as long as it has been paid in full on August 15 or 16, 2015 Eastern Daylight Time.

---

*Want more detail or information? Visit*  
<http://www.mass.gov/dor/businesses/help-and-resources/legal-library/tirs/tirs-by-years/2015-releases/tir-15-7.html>.

---