

Sales/Use/Indirect:

Massachusetts: Draft Proposed Changes to Rule on Taxation of Computer Software and Related Transactions

Proposed Repeal of and New 830 CMR 64H.1.3: Computer Software and Related Transactions (WORKING DRAFT), Mass. Dept. of Rev. (11/15/24). The Massachusetts Department of Revenue (Department) posted a working draft proposal to repeal and then issue a new Massachusetts sales and use tax administrative rule on the taxation of computer software and related transactions. The working draft proposed revisions are “intended to clarify the statutory rules as they apply to sales and use tax imposed upon the purchase of software in light of changes in commercial practices and the analyses in recent cases.” According to the Department, the working draft proposal also establishes a registration process to be used to apportion the sales and use tax due on the business purchase of software to be used in more than one state. Additionally, the working draft proposed revisions contain several examples “to guide taxpayers in the determination of taxable transactions and the determination of software usage for apportionment purposes.” Public comments on the proposal are due by close of business on January 31, 2025. Please contact us with any questions.

URL: <https://www.mass.gov/regulations/830-CMR-64h13-computer-software-and-related-transactions-working-draft>

— Inna Volfson (Boston)
Managing Director
Deloitte Tax LLP
ivolfson@deloitte.com

Ray Cheng (Boston)
Senior Manager
Deloitte Tax LLP
raycheng@deloitte.com

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