

Client Advisory: New Massachusetts Sales Tax on Software Related Services Should Not Affect Sales to Harvard

July 2013

As part of recently passed legislation known as “An Act Relative to Transportation Finance,” the Massachusetts legislature broadened the application of the Massachusetts sales tax to include certain software-related services. In most circumstances, software vendors will be responsible for collecting the 6.25% sales tax starting on July 31, 2013. However, as a non-profit organization exempt from taxation under section 501(c)(3) of the Internal Revenue Code, Harvard is exempt from paying Massachusetts sales tax on purchases of services that are used in furtherance of its exempt purposes. M.G.L. Ch. 64H § 6(e). To qualify for the exemption, Harvard purchasers of software services must present Harvard’s certificate of exemption to the vendor at the time of sale. Harvard’s certificate of exemption can be found at http://www.procurement.harvard.edu/secure/tax-forms_list.shtml At this link select “ST-2 (MA sales tax exempt purchaser certificate).”