



ElderCare Q&A

Sales Tax Rises August 1st

Q: When do we start paying a higher sales tax in Massachusetts?

A: As part of the 2010 budget debate, the state legislature and the Governor agreed to raise sales taxes. Starting August 1, 2009, the sales and meals tax in Massachusetts will rise from 5% to 6.25%. That's a 25% jump in the sales tax. The sales tax usually is paid to a vendor as an addition to your purchase price. You pay the sales tax to the vendor at the time of purchase, and the vendor then sends the tax to the Commonwealth.

The new sales tax rate did not change what items are subject to the tax---with one notable exception. Alcoholic beverages, including beer, wine, and liquor, sold at package or liquor stores will be subject to the 6.25% sales tax for the first time.

There are many items in the Commonwealth that are exempted from the sales tax. Some of the major exemptions include: sales of food (not counting meals sold at restaurants) are tax exempt; sales of items of clothing costing \$175 or less; sales of newspapers and magazines; sales of tickets to sporting and amusement events; sales of gas, electricity and heating fuel for residential uses; residential phone services---but only up to \$30 a month---are exempt; sales of transportation; charges for professional services, like accounting, insurance, legal and medical services, as well as services such as haircuts and car repairs are not taxable (some items sold as part of these services can be taxable, like auto parts or a bottle of shampoo); casual sales, such as sales of used appliances by a homeowner or sales at infrequent yard sales, are exempt (but casual sales of cars, boats and trailers are usually taxable).

The new sales tax rate means that if you bought a dress or a suit for \$200, under the old sales tax you would pay \$1.25 in tax, but now you will pay \$1.56 in taxes. If you buy a bunch of items of clothing at once, the only sales tax you will pay is on the individual items that are over \$175---not on the total bill.

There are some clothing items that are exempt: such as aprons, bathing suits, belts, cloth, costumes, shoes, gloves, gym uniforms, hats, jackets, ties, and raincoats. But there are other clothing items that are taxable, such as bathing caps, briefcases, footwear for sports (like bowling and golf shoes), combs, handbags, luggage, sewing supplies, athletic uniforms and wallets.

Although most food items are not subject to the sales tax, items such as antacids, vitamins, dietary supplements and weight-loss aids are taxable. Food sold at a restaurant part of a store are taxable, and food sold as "take out" or "to go" is also taxable. But if you buy six or more bakery products, like donuts, to go, they are not taxable. Restaurants include canteen trucks, street carts, catering businesses, coffee shops, bars, diners, and even ice cream trucks.

Some health care items and equipment are taxed, some are not. For example, you won't pay sales tax on prescription drugs, diapers, crutches, colostomy bags, hearing aids, prescription glasses, tampons, wheelchairs, or baby oil. But you will be taxed on nonprescription drugs, adhesive tape, baby powder, bandages, bed pans, cosmetics, deodorants, heating pads, sun lamps, thermometers and vitamins. Health items you need to rent, such as canes, hospital beds, dialysis machines, oxygen masks, pacemakers, etc. are not taxed.

General household items will be taxed, except for items like fertilizers, U.S. flags, firewood, charcoal, propane gas for grills, infant supplies, plants and seeds that produce food. But appliances like stoves and refrigerators will be taxed, hardware and building materials, hobby supplies, infant car seats, cribs, snowblowers, lawnmowers and lawn furniture, shovels and rakes, and even umbrellas.

Finally, reading materials generally are taxed, except newspapers and magazines. Bibles and Korans are not taxed, but dictionaries, school supplies, greeting cards and stationery are taxed. If there is anything else you want to know is taxed or exempt---don't memorize this list---just call the state Division of Revenue at 1- 800-392-6089.