

Massachusetts Revokes Directive Requiring Remote Sellers to Collect Sales Tax

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We previously reported to you that effective July 1, 2017, Massachusetts would require the collection of Massachusetts sales and use taxes by internet vendors that meet certain sales thresholds in Massachusetts pursuant to [Directive 17-1](#) issued by the Massachusetts Department of Revenue (DOR). Please see our previous [Client Alert](#) for further discussion of Directive 17-1.

On June 28, 2017, the Massachusetts Superior Court issued a declaratory judgment ruling that Directive 17-1 was invalid because the DOR had not followed the notice and comment procedures applicable to agency regulations under the Massachusetts Administrative Procedure Act, M.G.L. c. 30A. The DOR issued [guidance](#) the same day revoking Directive 17-1, effective immediately. The guidance states that the Directive is being revoked in anticipation of the DOR issuing proposed regulations that, if adopted, will require internet vendors to collect Massachusetts sales and use taxes on a prospective basis under standards similar to those described in Directive 17-1. Before being adopted, the proposed regulations will be open to public notice, comment, and hearing in accordance with the rulemaking process under M.G.L. c. 30A.

Authors



**Julie Hogan
Rodgers**

PARTNER

Vice Chair, Tax Practice

 julie.rodgers@wilmerhale.com

 +1 617 526 6543



Meghan M. Walsh

PARTNER

 meghan.walsh@wilmerhale.com

 +1 617 526 6132