Summary of Massachusetts’s Rules for Sourcing Receipts from Services

In-Person

Delivered to Customer or on Behalf of Customer

Professional Services

A. In-Person: services physically provided where customer or property in the same location as service provider; receipts are assigned to location of customer/property as place of delivery.
   a. Exception: transportation services: destination
   b. Example: seminar given in state

B. Services Delivered to Customer or on Behalf of Customer
   a. Depends on physical or electronic delivery:
      i. Physical: flyers, direct mail, customer software, billboard design, fulfillment services into state;
      ii. Electronic delivery:
         1. Individual: a. where customer receives service; or b. billing address
         2. Business: % of service received in state; if cannot be R/A, cascade to: place of contract management, then place of ordering, then billing address;
   b. Look-through to where service is “delivered” on behalf of the customer to third parties, e.g., advertising.
   c. Assign to ultimate customer where a service is delivered electronically through an intermediary.

Example: Cable TV provider: two revenue streams: advertising: location of advertiser’s customer (market share R/A), and subscription services: sold to subscriber in the state.

C. Professional Services:

Definition: Services requiring specialized knowledge; service that is of an intellectual or intangible nature, e.g., legal, accounting, financial.

a. Individual: residence, then billing address
b. Business: where contract principally managed, then place of order, then billing address
c. Default to Business Rule if nature of customer unknown
d. Exceptions to Professional Services Sourcing:
   i. Architecture and Engineering: where real property is located;
   ii. Financial Services: uses Financial Institutions Statute and professional services rule for non-covered financial services.