

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.