



MASSACHUSETTS SALES AND USE TAX EXEMPTIONS FOR CERTAIN SALES AND USE OF GAS, STEAM, ELECTRICITY AND FUEL

Massachusetts imposes a five percent sales tax on all sales at retail of tangible personal property in Massachusetts by any vendor, unless an exemption applies. G.L. c. 64H, §§ 2, 6. Tangible personal property includes gas, electricity, and steam. G.L. c. 64H, § 1. Sales of gas, steam, electricity, and fuel are exempt from tax when the sales are made to certain exempt purchasers, such as small businesses, governmental organizations, and charitable organizations, or when sales are made for an exempt use, including (among others) residential use, certain industrial uses, agricultural use, and use in commercial fisheries. See generally, G.L. c. 64H, §§ 6 (d), (e), (i), (j), (r), (qq); TIR 90-7. This Directive explains the procedures for claiming these exemptions. To the extent that this Directive requires different forms or different procedures than those described in TIR 90-7, this document supersedes those provisions.

Form ST-12: Exempt Use Certificate

A purchaser claiming any of the following exemptions listed in 1.-9. below must present the vendor with a properly executed Form ST-12, Exempt Use Certificate, at the time of purchase or, if used as a blanket certificate, at the time of its first purchase. Form ST-12 is valid indefinitely, provided that the purchaser's circumstances continue to support the exemption.

- 1. Use in Industrial Plant.** Sales of gas, steam, electricity or fuel consumed and used directly and exclusively in an industrial plant are exempt only in two situations. First, the sale of gas, steam, or electricity may be exempt if the gas, steam, or electricity is used in the actual manufacture of tangible personal property to be sold. G.L. c. 64H, § 6(i), (r). This exemption applies only if seventy-five percent or more of the gas, steam, or electricity consumed at a metered location is consumed either directly in the manufacturing process or in heating an industrial plant in which a manufacturing process takes place. G.L. c. 64H, §§ 6(i), 6(r). Second, the sale of fuel may be exempt if the fuel is used in the heating of an industrial plant. This exemption applies only if seventy-five percent or more of the building, location, or premises that the fuel is used to heat is used in the actual manufacture of tangible personal property to be sold. G.L. c. 64H, § 6(j).
- 2. Use in Aircraft and Railroads.** Sales of fuel used in the operation of aircraft or railroads are exempt under G.L. c. 64H, § 6(j).
- 3. Fuel as an Ingredient or Component Part of Tangible Personal Property.** Sales of fuel, or any substitute therefore, which become an ingredient or component part of tangible personal property to be sold are exempt under G.L. c. 64H, § 6(r).
- 4. Research and Development.** Sales of fuel, or any substitute therefore, consumed and used directly and exclusively in research and development by a manufacturing corporation or a research and development corporation within the meaning of G.L. c. 63, §§ 38C or 42B are exempt under G.L. c. 64H, § 6(r).
- 5. Furnishing of Power.** Sales of fuel, or any substitute therefore, consumed and used directly and exclusively in the furnishing of power to an industrial manufacturing plant are exempt under G.L. c. 64H, § 6(r).
- 6. Fuel to Furnish Utilities - Delivered to Consumers.** Sales of fuel, or any substitute therefore, consumed and used directly and exclusively in the furnishing of gas, water, steam or electricity, when delivered to consumers through mains, lines or pipes are exempt under G.L. c. 64H, § 6(r).
- 7. Agricultural Production.** Sales of fuel, or any substitute therefore, consumed and used directly and exclusively in agricultural production, are exempt under G.L. c. 64H, § 6(r).
- 8. Commercial Fisheries.** Sales of fuel, or any substitute therefore, consumed and used directly and exclusively in commercial fisheries are exempt under G.L. c. 64H, § 6(r).
- 9. Production of Animals for Research.** Sales of fuel, or any substitute therefore, consumed and used directly and exclusively in the production of animals for research, testing, or other purposes relating to the promotion or maintenance of health, safety, or well being of human beings or animals are exempt under G.L. c. 64H, § 6(r).