



The Commonwealth of Massachusetts

Department of Revenue  
Rulings and Regulations Bureau

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March 30, 2010

Mr. Ben Edelman  
27a Linnaean Street  
Cambridge, MA 02138

Re: Massachusetts Sales Tax on Meals

Dear Mr. Edelman:

I am writing in reply to your letter dated March 3, 2010 in which you seek guidance with respect to the Massachusetts sales tax on meals and its applicability to online restaurant coupons or discount programs. As an example of an online restaurant discount program, you describe Groupon.com. On this website, a consumer can pay \$20 for a printable voucher for \$40 worth of food at a participating restaurant. The consumer then dines at a participating restaurant, ordering \$40 worth of food. Groupon reimburses the restaurant \$15 (deducting a \$5 fee for itself). Your question is whether the consumer owes tax on the full menu price of the meal (\$40), or only on the amount the consumer actually pays (\$20).

As you are aware, Massachusetts imposes a 6.25% sales tax on all meals sold by a restaurant or restaurant part of a store unless a specific exemption applies. 830 CMR 64H.6.5(1). The tax is levied on the sales price of the meal. With regard to sales of tangible personal property, cash discounts taken at the time of the sale are excluded from the sales price. See 830 CMR 64H.1.4(1). Generally, manufacturer's coupons and retailer's coupons that entitle the retail customer to a reduction in the sales price at the time of the sale will be treated like cash discounts. 830 CMR 64H.1.4(2). It appears that the online restaurant discount program you describe allows the consumer the equivalent of a cash discount by the restaurant. Thus, the sales tax would be calculated on the amount the consumer actually pays for the meal.

This is an "information letter" within the meaning of the Letter Ruling Regulation, 830 CMR 62C.3.2(2)(b). An information letter calls your attention to established principles of tax law and provides general guidance only; it is not legally binding on a taxpayer or the Department. Please refer to file # 6805 in any future correspondence concerning this matter.

Very truly yours,

Wendy E. McClellan, Counsel  
Rulings & Regulations Bureau

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