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January 26, 2022

To the Honorable Senate and House of Representatives:

I am filing for your consideration a bill entitled “An Act to improve tax administration in the commonwealth.” This legislation will modernize the Massachusetts’ tax administration rules and procedures, enabling the Department of Revenue (DOR) to manage the state tax system more efficiently to the benefit of Massachusetts taxpayers.

In this bill, I recommend amendments that will streamline the tax administration laws to better reflect process efficiencies made possible by the functionality of DOR’s IT and related systems. Under this proposal, the amended return process will become fully automated, eliminating the need for manual review, decreasing the amount of time required to process amended returns, and bringing Massachusetts in line with other states and the federal government. Other sections will simplify the appeals process for taxpayers, providing taxpayers with well-defined avenues for appealing DOR-initiated amendments to their original tax returns.

I am also proposing changes to clarify ambiguous statutory provisions that have proven confusing for taxpayers and practitioners. For example, the tax administration statute cross-references the version of the federal tax code in effect on July 1, 1983. Conformity with such an outdated version of the federal rules may result in misapplication of the law and unintended consequences. This bill updates this cross-reference to cite the federal code that is currently in effect. Additionally, this proposal adds marijuana vendors to the recordkeeping provisions applicable to all sales, meals, and room occupancy retailers in order to align the statute with current practice and treat all vendors uniformly. Another section clarifies that the period during which the Commissioner of DOR may examine taxpayer records runs concurrently with the applicable statute of limitations for making assessments.

These amendments will provide DOR with superior tools for administering state taxes fairly and efficiently and will facilitate a better experience for taxpayers and the many practitioners who navigate the tax system on a regular basis.

I appreciate your consideration and urge your prompt enactment of this legislation.

Respectfully submitted,

A handwritten signature in blue ink that reads "Charles D. Baker". The signature is written in a cursive style with a long horizontal stroke at the end.

Charles D. Baker
Governor