



Massachusetts Department of Revenue
Form ST-BDR
Claim for Bad Debt Reimbursement

Legal name of taxpayer		Account ID number
Mailing address		
City/Town	State	Zip
Fiscal year-end date of previous year's federal return (mm/dd/yyyy)		Due date of federal return (including valid extensions) (mm/dd/yyyy)
How often do you file sales tax return (select one)? <input type="radio"/> Annually <input type="radio"/> Quarterly <input type="radio"/> Monthly		Last year audited by IRS (yyyy)

Applicant information

Is the applicant a registered vendor in Massachusetts? If No, the applicant cannot file a bad debt reimbursement claim. Yes No

Did the applicant make the retail sales for which tax was collected and remitted? If No, the applicant cannot file a bad debt reimbursement claim for such sales. Yes No

Did the applicant extend credit to the retail customer at the time of sale? If No, the applicant cannot file a bad debt reimbursement claim for such sales. Yes No

Did the applicant claim the amount shown in line 5 as a bad debt expense deduction on its federal tax return? If No, the applicant is not entitled to a bad debt reimbursement for such amounts. Yes No

Did the applicant assign, sell or transfer the debt in question to any other entity? If Yes, the applicant cannot file a bad debt reimbursement claim, nor may the assignee, purchaser, transferee or factor of any such accounts. Yes No

Computation

1 Gross sales (including non-Massachusetts sales) for previous fiscal year	1	<input style="width:90%;" type="text"/>
2 Total gross Massachusetts sales for previous fiscal year	2	<input style="width:90%;" type="text"/>
3 Total taxable Massachusetts sales for previous fiscal year	3	<input style="width:90%;" type="text"/>
4 Total tax remitted for previous fiscal year	4	<input style="width:90%;" type="text"/>
5 Bad debt expense per U.S. tax return (actual or pro forma; please attach) for previous fiscal year	5	<input style="width:90%;" type="text"/>
6 Amount of taxable sales occurring before August 1, 2009 (upon which 5% sales tax has been remitted) determined to be worthless for previous fiscal year. (Attach explanation for each worthless sale; see instructions.)		
Tangible personal property <input style="width:150px;" type="text"/> + Services <input style="width:150px;" type="text"/> =	6	<input style="width:90%;" type="text"/>
7 Amount of taxable sales occurring on or after August 1, 2009 (upon which 6.25% sales tax has been remitted) determined to be worthless for previous fiscal year. (Attach explanation for each worthless sale; see instructions.)		
Tangible personal property <input style="width:150px;" type="text"/> + Services <input style="width:150px;" type="text"/> =	7	<input style="width:90%;" type="text"/>
8 Reimbursement for bad debts at the 5% rate. Multiply line 6 by .05	8	<input style="width:90%;" type="text"/>
9 Reimbursement for bad debts at the 6.25% rate. Multiply line 7 by .0625	9	<input style="width:90%;" type="text"/>
10 Total reimbursements for bad debts. Add lines 8 and 9	10	<input style="width:90%;" type="text"/>

Declaration

Under penalties of perjury, I declare that the taxpayer named above was the vendor in the sales that have become bad debts and is not an assignee or factor of that vendor. I have examined this claim, including accompanying schedules and statements, and to the best of my knowledge and belief it is true, correct and complete. (Attach Form M-2848, Power of Attorney, if representing taxpayer.)

Signature	Title	Date
Type or print name of signee		
		Phone number

You must indicate here whether you wish to have a hearing in the event that this claim is denied in full or in part. Yes No

Form ST-BDR Instructions

General Information

Under Massachusetts General Laws (M.G.L.), Chapter 64H, sec. 33 and M.G.L. Chapter 64I, sec. 34, Massachusetts vendors who have remitted sales or use tax to the Department of Revenue (DOR) on accounts which are later determined to be worthless may file a claim for reimbursement with DOR. This claim for reimbursement is effective for sales determined to be worthless in the previous fiscal year, regardless of when the actual sale occurred. **Bad debt reimbursements are issued without interest. Reimbursements may not be claimed on any other DOR return.** To claim reimbursement for sales and use tax determined to be worthless in the previous fiscal year you must mail your Form ST-BDR on or before the due date (including any extensions) of your current years' federal income tax return. If you discover an error in your claim after filing, you may file an amended claim *on or before* the due date (including extensions) of your federal income tax return, by clearly writing "**amended**" at the top of the claim form.

Vendors must include in gross receipts for their sales and use tax returns all sales for the period in which the sales occur, regardless of whether payment has been received. Vendors are **not** allowed to subtract bad debts from gross receipts. Reimbursements for bad debts can only be made on an annual basis with Form ST-BDR.

Any vendor who recovers, in whole or in part, a bad debt for which a reimbursement has been received must include the recovered amount in the gross receipts amount on the sales tax return covering the period in which the recovery occurs. For example, you are a quarterly sales tax filer who receives reimbursement for a 2007 bad debt of \$500. During the third quarter of 2009 you recover \$300 of the bad debt. You must include the \$300 recovery amount in your gross receipts on your third quarter return.

Note: Recovery of amounts taxable at 5% being reported on returns filed after August 1, 2009 should be included on the sales tax return at 80% of the amount of the recovery.

Taxpayers who change their fiscal year for federal tax purposes in tax years after 1999 may include in their ST-BDR claim for the first fiscal year after the change any bad debts incurred after the last day of their prior fiscal year and before the first day of their new fiscal year, providing that these claims have not been included in any other ST-BDR. See Technical Information Release (TIR) 00-3, Claiming the Bad Debt Reimbursement.

To correct errors unrelated to bad debts do not file Form ST-BDR. You must file an online Application for Abatement, at www.mass.gov/dor. For further information regarding abatements or Form ST-BDR call the Customer Service Bureau at (617) 887-MDOR.

Line Instructions

Line 1. Enter your gross sales (including non-Massachusetts sales) for the previous fiscal year.

Line 2. Enter your total gross Massachusetts sales (taxable and non-taxable) for the previous fiscal year.

Line 3. Enter your total Massachusetts taxable sales for the previous fiscal year.

Line 4. Enter the total amount of sales tax remitted to DOR during the previous fiscal year.

Line 5. Enter bad debt expense as indicated on your U.S. tax return (actual or pro forma) for the previous fiscal year.

Line 6. Enter the amount of taxable sales occurring before August 1, 2009 upon which a 5% sales tax has been remitted determined to be worthless during the previous fiscal year, regardless of when the actual sale occurred. For example, a 2007 credit sale may finally be determined to be worthless in 2009. Enter separate amounts of sales of tangible personal property and sales of services.

Note: Be sure to include in line 6a certain sales on and after August 1, 2009 and before January 1, 2011 pursuant to a qualified construction contract as described in TIR 09-11.

Line 7. Enter the amount of taxable sales occurring on or after August 1, 2009 upon which a 6.25% sales tax has been remitted determined to be worthless during the previous fiscal year, regardless of when the actual sale occurred. Enter separate amounts of sales of tangible personal property and sales of services.

Line 8. Multiply the total in line 6 by .05 (5%). This is your reimbursement for bad debts.

Line 9. Multiply the total in line 7 by .0625 (6.25%). This is your reimbursement for bad debts.

Penalties. Applicants that made false statements on Form ST-BDR in order to receive a refund to which they are not entitled may be subject to the tax evasion penalties of M.G.L. Chapter 62C, sec. 73, including a felony conviction, a fine of not more than \$100,000 or \$500,000 in the case of a corporation, or by imprisonment for not more than five years, or both, and may also be required to pay the costs of prosecution.

Substantiating documentation. Substantiating documentation must be included with every claim. You must attach an explanation for each worthless sale showing the date the sale occurred, the amount of the sale, the buyer's name and address, the buyer's federal identification number, if available, and all facts pertinent to your determining the account to be worthless. If the volume of your sales or your method of determining sales to be worthless does not allow you to comply with the preceding instructions, please refer to TIR 00-3, Claiming the Bad Debt Reimbursement, for specific instructions. A sale is determined to be worthless when it is actually written off as uncollectible for federal income tax purposes under IRC Section 166.

You must also include:

- If you are using the specific charge-off or aggregated proration method for claiming bad debts, a copy of the page from your U.S. tax form (Form 1065, 1120, 1120A, 1120S or Schedule C or F) showing the bad debt deduction for the previous fiscal year;
- Copy and proof of accepted federal extension and copy of filed federal return for previous year; or
- If you are a cash method taxpayer, a detailed explanation of how sales are determined to be worthless.

Mail Form ST-BDR along with all attachments to: **Massachusetts Department of Revenue, PO Box 7031, Boston, MA 02204.**