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April Revenue Collections Total \$1.981 Billion

Monthly collections down \$2.341 billion vs. April 2019 actual;
\$2.168 billion below monthly benchmark

(Boston, MA) — Massachusetts Department of Revenue (DOR) Commissioner Geoffrey Snyder today announced that preliminary revenue collections for April totaled \$1.981 billion, which is \$2.168 billion or 52.2% less than benchmark¹, and \$2.341 billion or 54.2% less than the actual collections in April 2019. The April deadline for many tax payment categories was extended until July earlier this year.

For the fiscal year-to-date through April, revenue collections totaled \$23.045 billion, \$1.463 billion or 6.0% less than the same fiscal year-to-date period in 2019, and \$1.932 billion or 7.7% less than the year-to-date benchmark.

“Most major categories of revenue were down in April and the shortfall in non-withheld income tax was the primary source of the below-benchmark performance in April,” said Commissioner Snyder. “The April revenue shortfall is attributable to multiple factors, including adjustments to tax payment deadlines across several categories, the extension of the personal income tax filing and payment deadline, and the overall impact that necessary COVID-19 precautions have on economic activity. We will continue to closely monitor the deferral of tax receipts and how COVID-19 impacts the economy for the remainder of fiscal year.”

April is typically the single largest month for collections, ranking first in each of the last nine years. There are two main causes for April’s relative strength: First, in typical years (though not in FY20) the individual tax filing season reaches its peak. Payments made with returns are typically concentrated in April, generating significant revenue. In contrast, refunds are spread more evenly across February, March, and April. Second, the first estimated payment installment from individuals for the next tax year is typically due in April – again, not the case in FY20.

As indicated in our April 2020 mid-month revenue report, however, tax collections in 2020 varied considerably from April collections in prior years. This is due to factors such as measures enacted to mitigate the impact and breadth of COVID-19, including, without limitation, the extension of the income tax filing and payment deadline to July 15, 2020, and the extension of the first estimated payment installment for 2020 to July 15, 2020, certain penalty waivers for the

late filing and payment of corporate excise returns and payments and certain sales and meals tax returns and payments, the extension of the payment deadline for certain regular sales tax, meals tax and room occupancy excise payments to June 20, 2020, the close of all non-essential businesses, stay-at-home advisories and the ban on on-site service at bars and restaurants, as well as the impact COVID-19 has had on consumer and corporate behavior, the economy and the stock market.

Details:

- DOR has received 24% fewer income tax returns through April 30th than the same period last year, which is mostly due to the 2019 filing date extensions.
- Income tax collections for April were \$1.122 billion, \$1.895 billion or 62.8% below benchmark, and \$2.090 billion less than April 2019.
- Withholding tax collections for April totaled \$1.053 billion, \$34 million or 3.2% below benchmark, but \$4 million or 0.4% more than April 2019.
- Income tax estimated payments totaled \$67 million for April, \$216 million or 76.3% less than benchmark, and \$227 million or 77.2% less than April 2019.
- Income returns and bills totaled \$193 million for April, \$1.865 billion or 90.6% less than benchmark, and \$2.076 billion or 91.5% less than April 2019.
- Income cash refunds in April totaled \$190 million in outflows, \$221 million or 53.7% less than benchmark, and \$208 million or 52.2% less than April 2019.
- Sales and use tax collections for April totaled \$469 million, \$139 million or 22.9% below benchmark, and \$101 million or 17.7% less than April 2019.
- Corporate and business tax collections for the month totaled \$209 million, \$111 million or 34.6% below benchmark, and \$141 million or 40.2% less than April 2019.
- Other tax collections for April totaled \$181 million, \$23 million or 11.1% below benchmark, and \$9 million or 4.9% less than April 2019.

¹ The original benchmark for fiscal year 2020 is \$30.099 billion. On January 13, 2020, as part of the fiscal year 2021 Consensus Revenue process, the fiscal year 2020 figure was adjusted to \$30.289 billion. The adjustment is reflected beginning with the January report.