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May Revenue Collections Total \$1.738 Billion

Monthly collections down \$262 million vs. May 2019 actual;
\$320 million below monthly benchmark

(BOSTON, MA) — Massachusetts Department of Revenue (DOR) Commissioner Geoffrey Snyder today announced that preliminary revenue collections for May totaled \$1.738 billion, which is \$320 million or 15.6% less than benchmark¹, and \$262 million or 13.1% less than the actual collections in May 2019.

For the fiscal year-to-date through May, revenue collections totaled \$24.782 billion, \$1.726 billion or 6.5% less than the same fiscal year-to-date period in 2019, and \$2.253 billion or 8.3% less than the year-to-date benchmark. Earlier this year, the April deadline for some major tax payment categories was extended until July. This will continue to affect tax collections through the remainder of the fiscal year.

“Most major categories of revenue were down in May except withholding. Shortfalls in income return payments, sales and use tax, corporate and business taxes, and ‘all other’ taxes were partly offset by surplus in withholding, which was impacted by withholding on unemployment insurance benefits,” said Commissioner Snyder. “COVID-19 and the associated return filing and payment deadline extensions have significantly affected May revenues, and we will continue to closely monitor revenue collections for the remainder of the fiscal year.”

Historically, May is a mid-size month for collections, ranking seventh of 12 months in each of the last seven years. Estimated payments from individuals and businesses are not as significant in May as in April. The net figure for revenue collections in May is influenced by the individual tax filing season, which generates both inflows and refund outflows during the month. Individual tax returns continue to be received and processed in May, although in a volume well below the peak levels of March and April.

As mentioned in our May 2020 mid-month revenue report, tax collections in May 2020 differed considerably from May collections in prior fiscal years due to measures enacted to mitigate the impact of COVID-19. These measures include: the extension of the income tax filing and payment deadline to July 15, 2020; the extension of the first income tax 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; and the extension of the payment deadline for certain regular sales tax, meals tax and room occupancy excise payments to June 20, 2020.

In addition, restrictions on reopening businesses, stay-at-home advisories and the ban on on-site service at bars and restaurants, as well as the impact COVID-19 on consumer and corporate behavior have all impacted revenues.

Details:

- DOR has received 20% fewer income tax returns through May 31st than the same period last year, which is mostly due to the 2019 return filing and payment date extension.
- Income tax collections for May were \$1.123 billion, \$31 million or 2.7% below benchmark, and \$12 million less than May 2019.
- Withholding tax collections for May totaled \$1.121 billion, \$116 million or 11.5% above benchmark, and \$140 million or 14.3% more than May 2019.
- Income tax estimated payments totaled \$25 million for May, \$1 million or 4.5% more than benchmark, but \$0.2 million or 0.8% less than May 2019.
- Income tax returns and bills totaled \$74 million for May, \$135 million or 64.8% less than benchmark, and \$137 million or 65.1% less than May 2019.
- Income cash refunds in May totaled \$97 million in outflows, \$12 million or 14.4% more than benchmark, and \$15 million or 17.7% more than May 2019.
- Sales and use tax collections for May totaled \$437 million, \$175 million or 28.5% below benchmark, and \$145 million or 24.8% less than May 2019.
- Corporate and business tax collections for May totaled \$37 million, \$50 million or 57.7% below benchmark, and \$48 million or 56.7% less than May 2019.
- Other tax collections for May totaled \$141 million, \$64 million or 31.3% below benchmark, and \$57 million or 28.8% less than May 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.