

6. Taxes

- **Municipal Taxes:** Visit the City of Lowell Assessor's Office to file a "Form of List" for your business. A "Form of List" is used to document the assets owned by your business, so it may be assessed and taxed by the City. If you do not provide a form of list to the City, the Assessor's usually estimates a value of your business' assets and this value can be higher, resulting in higher taxes to be paid. It is recommended that you provide the Assessor's office with the "Form of List" during your first year in operation so you can be taxed fairly. The Form of List is available [online](#), or at the City's Assessor's Office. For more information:

City of Lowell Assessor's Office
375 Merrimack St, 1st Floor
Lowell, MA 01852
<http://www.lowellma.gov/Assessor/>
M-F, 8:00 AM -5:00 PM

The Commercial and Personal Property Tax Rate is currently \$31.75 per \$1,000 assessed (FY2014)

- **Massachusetts Department of Revenue:** Prior to register your business with the Department of Revenue you will first need to obtain an **Employer Identification Number (EIN)** for your business provided by the Internal Revenue Service (IRS). Detailed information on the EIN and application can be found at this website: [IRS/ EIN Assistant](#)

You must also file tax forms pertaining to your new business with the MA Department of Revenue (DOR). A comprehensive guide to small business taxes in MA as well as online access to register your business with the DOR and pay your taxes online, can be found at this website: [MA webfile for Businesses](#)

If you plan to sell tangible goods, you must register to collect Massachusetts sales/use taxes with the DOR. You can register online. After registering with DOR, you will be issued a Sales and Use Tax Registration Certificate (Form ST-1) for each of your business location. Form ST-1 must be displayed in a conspicuous location on your business premises, so that it is easily visible to customers. A guide to Sales and Use Taxes is available online: [MA Guide to Sales and Use Tax](#)

For additional information, or to obtain forms by mail, please contact:

MA Department of Revenue

PO Box 7010

Boston, MA 02204

1-800-392-6089

M-F; 9:00-5:00 PM

[MA webfile for Businesses](#)

- **Internal Revenue Service (IRS)**

In addition to obtaining an Employer Identification Number (EIN) you will need to file all necessary tax forms with the **United States Internal Revenue Service (IRS)**. Once you file these forms, the IRS will give you a Tax Identification Number.

You'll need to file an annual federal income tax return, unless your business entity is under a "Partnership".

The federal income tax is a "pay-as-you-go" tax. I.e. your employee has income withheld from his/her pay. If you do not pay federal income taxes through withholding or do not pay enough taxes that way, then the IRS will estimate the taxes for you. For additional information refer to the [IRS Publication 5830- Starting a Business and Keeping Records](#)

If you're a sole proprietor with no employees, you will need to pay a Self-employment tax (SE tax). The SE tax is a social security and Medicare tax primarily for individuals who work for themselves. By paying this tax, you are contributing to your coverage under the Social Security benefit. Social security coverage provides you with retirement benefits, disability benefits, survivor benefits, and hospital insurance (Medicare) benefits. For additional information, refer to [Self-Employment Tax](#).

If you are planning on having employees, you as the employer have certain employment tax obligations. Employment taxes include the following:

- Social security and Medicare taxes
- Federal income tax withholding
- Federal unemployment (FUTA) tax
- For additional information, refer to IRS Guide to [Employment Taxes for Small Businesses](#).

You might have to pay **excise taxes** if you manufacturer or sell certain products, related but not limited to: petroleum products, fuel, communications and transportation, and sale of heavy trucks, trailers and tractors. The federal excise taxes are reported on [Form 720](#)

For more information on Excise Taxes, check the [IRS's Guide to Excise Taxes](#)

For detailed information on federal taxes, The IRS has a comprehensive online guide to help small businesses navigate through federal tax regulations: [IRS Guide to Small Businesses](#) for more information:

IRS, Boston Office

JFK Federal Building

15 New Sudbury St

Boston, MA 02203

(617) 316-2850

M-F 8:30 AM-4:30 PM

- The Taxpayer Advocate Service (TAS) is an independent organization within the IRS with the mission to assist taxpayers who have difficulties solving their tax issues directly with the IRS.

The TAS created a Tax Toolkit to help you understand your rights as a taxpayer:
www.TaxpayerAdvocate.irs.org

For more information:

Taxpayer Advocate Service (TAS)

JKF Federal Building

15 New Sudbury St

Boston, MA 02203

1-877-777-4778

www.irs.gov/advocate