START A BUSINESS - MASSACHUSETTS

How to open an auto repair shop in Massachusetts

Damage repair (body) shops register with the Division of Standards with a $10,000 bond; every shop should list parts separately so labor is not taxed.

Sources verified 2026-11-21 - Updated 2026-11-21

1 Is a repair shop right for you?

Repair shops diagnose and fix vehicles, from maintenance and brakes to engines and collision repair. It suits experienced technicians who price fairly and keep good records.

2 Form the business and register for sales tax

1. Choose a structure. LLCs file a Certificate of Organization with the Secretary of the Commonwealth ($500) and exist once it is approved. Sole proprietors and partnerships using a trade name file a business certificate with the city or town clerk.
2. Register with the Department of Revenue before you sell taxable goods such as parts. Massachusetts sales tax is 6.25%.

3 Division of Standards registration (damage repair)

Shops that repair damaged vehicles for compensation must register with the Division of Standards: $450 every 3 years, a $10,000 surety bond or letter of credit, and two signed letters of recommendation. A licensed appraiser on staff is no longer required. Keep a record of every vehicle (description, VIN, dates, signed work authorization, parts and work) for 18 months and show your registration number in all ads. We found no Massachusetts license for shops that only do mechanical repair and maintenance.

4 Sales tax on repairs

Massachusetts treats repair as a service. When the parts and materials are worth 10% or more of the bill, tax (6.25%) applies to the whole charge unless you list the parts price separately; then only the parts are taxed, not the labor. Supplies you use up, like tape and sandpaper, are taxed when you buy them.

5 Repair plates and A/C

Optional RMV repair plates (Section 5) let you road test unregistered vehicles; body and glass shops need their Division of Standards number to apply. Technicians who service A/C for pay need EPA Section 609 certification.

6 Your first steps

1. Form the business and register for sales tax.
2. Confirm zoning with your city or town.
3. If you repair damage, register with the Division of Standards with the bond.
4. Set up invoices that list parts separately.
5. List your business on Nearby Car Care

Requirements at a glance

Form the business (Secretary of the Commonwealth or city or town clerk)

Required - State - Massachusetts Secretary of the Commonwealth; your city or town clerk

LLCs file a Certificate of Organization with the Secretary of the Commonwealth and exist only once it is approved. Sole proprietors and partnerships using a trade name file a business certificate with the city or town clerk, which the RMV and DPU ask for.

Fees: LLC Certificate of Organization: $500.

Register for sales tax with the Department of Revenue

Required - State - Massachusetts Department of Revenue

Massachusetts sales tax is 6.25% of the sales price of taxable goods. Register with the Department of Revenue before you sell taxable items such as parts.

Division of Standards registration for damage repair (body) shops

Required in some cases - State - Massachusetts Division of Standards

Every shop that, for compensation, repairs damaged motor vehicles (as defined in M.G.L. c. 90, s. 34A; glass repair has its own registration) must be registered with the Division of Standards. You need a $10,000 surety bond or letter of credit and two signed letters of recommendation; employing a licensed appraiser is no longer required.
Amount: $10,000 bond or letter of credit
Fees: $450 every 3 years.
Keep a record of every vehicle repaired (description, VIN, dates, signed work authorization, parts and work) for 18 months, and put your registration number in all advertisements. We found no Massachusetts license for shops that do only mechanical repair and maintenance.
Official application: https://www.mass.gov/how-to/apply-for-a-new-auto-repair-shop-license

Sales tax on parts; state parts separately

Required - State - Massachusetts Department of Revenue

Massachusetts treats auto repair as a service. When the parts and materials you transfer are worth 10% or more of the bill, sales tax (6.25%) applies to the whole charge unless you state the price of the parts separately; then only the parts are taxed, not the labor. Items you use up (tape, sandpaper, brushes) are taxable when you buy them.

RMV repair registration (Section 5 plates), optional

Optional - State - Massachusetts Registry of Motor Vehicles

Repair plates let you road test unregistered vehicles. Body and glass shops need their Division of Standards repair shop number to apply.
Official application: https://www.mass.gov/how-to/apply-for-a-repair-registration

EPA Section 609 certification for air conditioning work

Required in some cases - Federal - U.S. Environmental Protection Agency

Anyone who repairs or services a motor vehicle air conditioning system for payment or bartering must be certified by an EPA-approved Section 609 program.

Official agencies and links

Section 609 Technician Training and Certification Programs
U.S. Environmental Protection Agency
https://www.epa.gov/mvac/section-609-technician-training-and-certification-programs

Letter Ruling 96-4: Automobile Re-painting
Massachusetts Department of Revenue
https://www.mass.gov/letter-ruling/letter-ruling-96-4-automobile-re-painting

Sales and Use Tax
Massachusetts Department of Revenue
https://www.mass.gov/guides/sales-and-use-tax

Apply for a NEW Auto Repair Shop License
Massachusetts Division of Standards
https://www.mass.gov/how-to/apply-for-a-new-auto-repair-shop-license

Apply for a repair registration
Massachusetts Registry of Motor Vehicles
https://www.mass.gov/how-to/apply-for-a-repair-registration

Starting a limited liability company (LLC) in Massachusetts
Massachusetts Secretary of the Commonwealth, Corporations Division (Mass.gov)
https://www.mass.gov/info-details/starting-a-limited-liability-company-llc-in-massachusetts

Frequently asked questions

Do I need a license to open a repair shop in Massachusetts?
Shops that repair damaged vehicles must register with the Division of Standards. We found no state license for mechanical-only shops.

Is repair labor taxable in Massachusetts?
Not when the parts are listed separately; then only the parts are taxed at 6.25%.

This guide is general information, not legal advice. Rules change and can depend on your city or county, so confirm with the official agencies linked below before you apply.

https://nearbycarcare.com/resources/business/open-auto-repair-shop/massachusetts/