

Sales/Use/Indirect:

North Carolina: Letter Ruling Addresses Taxability of Electronically Transmitting Reformatted Messages

Sales and Use Tax Private Letter Ruling SUPLR 2023-0001, N.C. Dept. of Rev. (3/24/23). The North Carolina Department of Revenue (Department) issued a redacted private letter ruling to a taxpayer utilizing a computer processing application to reformat customer inputs to its short message peer-to-peer protocol and then transmitting the messages to telecommunication carriers for delivery to designated recipients, concluding that such services meet North Carolina's definition of taxable telecommunications services rather than information services. The Department reasoned that such services do not meet the definition of an information service because the customer's primary purpose for using the taxpayer's services is to transmit the reformatted messages to designated recipients rather than obtain processed data or information. Accordingly, gross receipts derived from the taxpayer's telecom services, including its fixed fee or per message fee charges, are subject to the combined general rate of sales and use tax when sourced to North Carolina. Please contact us with any questions.

URL: <https://www.ncdor.gov/suplr-2023-0001pdf/open>

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