

Sales/Use/Indirect:

Texas: Company's Hosting of Cryptocurrency Mining Hardware Machines at Facility Deemed Not Taxable

Letter No. 202411011L, Tex. Comptroller of Public Accounts (11/15/24). In a ruling involving a company that charges its customer an all-inclusive fee based on power usage to host cryptocurrency mining hardware machines in its Texas facility, the Texas Comptroller of Public Accounts (Comptroller) explains that such machine hosting services are *not* enumerated taxable services under Texas law. Under the provided facts, the company's customer has full control over the machines remotely, and the company does not have access to the data or internal processing of the machines. The company merely provides a temperature-controlled facility for the machines, including installation of the customer's machines in the facility; internet network connection for the machines; assistance with distribution of mined digital currency to third-party pools; monitoring, maintenance, and repair of the customer's machines as needed; and physical security for the facility, including restricted access. Under these facts, the Comptroller clarifies that this machine "hosting service" is different from taxable "website hosting" and also does not constitute taxable data processing or security services. However, the Comptroller notes that the company's repair of its customer's machines is considered a taxable repair and restoration of tangible personal property under Texas law. Please contact us with any questions.

URL: <https://star.comptroller.texas.gov/view/202411011L?q1=202411011L>

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