

Sales/Use/Indirect:

North Carolina: Online Subscription Fees to Access and Use Digital Products Deemed Taxable Bundled Transaction

Private Letter Ruling SUPLR 2024-0011, N.C. Dept. of Rev. (11/1/24). A North Carolina Department of Revenue private letter ruling concludes that based on a taxpayer's provided information, its charged subscription fees for subscribing customers to receive a license to access and use its website and site materials – which include digital videos, digital books, and audiobooks – constitute taxable transactions as the customers are seeking and receiving access to specified digital products, and the taxpayer is *neither* selling software as a service (SaaS) nor providing an information service. In doing so, the ruling notes that while the taxpayer uses software and databases to deliver the digital content to its customers, the customers are paying for access to the digital content rather than the underlying software that is used to deliver the content. The ruling also explains that while the taxpayer's products also consist of at least one nontaxable service, the facts showed that such services are *not* provided on a standalone basis but as part of a bundled transaction that includes the taxable digital content. Please contact us with any questions.

URL: <https://www.ncdor.gov/suplr-2024-0011pdf/open>

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