

## Sales/Use/Indirect:

### Rhode Island: DNA Testing and Subsequent Access to Online Reports Constitutes Taxable Vendor-Hosted Software

*Declaratory Order 2025-01*, R.I. Div. of Tax. (1/29/25). In a declaratory order involving a company providing DNA testing and analysis and online ancestral/health history reports to individual customers (including to customers in Rhode Island), the Rhode Island Division of Taxation (Division) held that based on the provided facts, the company's product is considered taxable in Rhode Island as vendor-hosted prewritten computer software. Under the facts, the customers provide a saliva sample via a kit that the company mails to its customers, and based on this information, the company sells access to software that allows customers to access ancestral and health history reports online. In this respect, the Division explains that the software at issue is vendor-hosted as it "is accessed through the internet and/or a vendor-hosted server regardless of whether the access is permanent or temporary and regardless of whether any downloading occurs." In doing so, the Division notes that "the key feature of the product" is the company's website that allows its clients to view data and reports per their subscription. Because the product is considered taxable vendor-hosted prewritten computer software, the Division also explains that the product is taxable regardless of whether it is bundled with other tangible personal property. Moreover, the Division concluded that the DNA testing kits are *not* subject to Rhode Island use tax, because they are included with the sales price of the taxable software. Please contact us with any questions.

**URL:** <https://tax.ri.gov/guidance/declaratory-rulings/ruling-request-no-2025-01>

— Jack Lutz (Hartford)  
Managing Director  
Deloitte Tax LLP  
jacklutz@deloitte.com

Inna Volfson (Boston)  
Managing Director  
Deloitte Tax LLP  
ivolfson@deloitte.com

This communication contains general information only, and none of Deloitte Touche Tohmatsu Limited (“DTTL”), its global network of member firms or their related entities (collectively, the “Deloitte organization”) is, by means of this communication, rendering professional advice or services. Before making any decision or taking any action that may affect your finances or your business, you should consult a qualified professional adviser.

No representations, warranties or undertakings (express or implied) are given as to the accuracy or completeness of the information in this communication, and none of DTTL, its member firms, related entities, employees or agents shall be liable or responsible for any loss or damage whatsoever arising directly or indirectly in connection with any person relying on this communication. DTTL and each of its member firms, and their related entities, are legally separate and independent entities.

#### **About Deloitte**

Deloitte refers to one or more of Deloitte Touche Tohmatsu Limited (“DTTL”), its global network of member firms, and their related entities (collectively, the “Deloitte organization”). DTTL (also referred to as “Deloitte Global”) and each of its member firms and related entities are legally separate and independent entities, which cannot obligate or bind each other in respect of third parties. DTTL and each DTTL member firm and related entity is liable only for its own acts and omissions, and not those of each other. DTTL does not provide services to clients. Please see [www.deloitte.com/about](http://www.deloitte.com/about) to learn more.

Deloitte provides industry-leading audit and assurance, tax and legal, consulting, financial advisory, and risk advisory services to nearly 90% of the Fortune Global 500® and thousands of private companies. Our professionals deliver measurable and lasting results that help reinforce public trust in capital markets, enable clients to transform and thrive, and lead the way toward a stronger economy, a more equitable society and a sustainable world. Building on its 175-plus year history, Deloitte spans more than 150 countries and territories. Learn how Deloitte’s approximately 415,000 people worldwide make an impact that matters at [www.deloitte.com](http://www.deloitte.com).