

## Sales/Use/Indirect:

### New York: Provider's Data Management Services Deemed Taxable Prewritten Software Sold as a Bundle Rather Than Nontaxable PaaS

*Determination DTA No. 850246*, N.Y. Div. of Tax App., ALJ Div. (4/24/25). In a case involving a taxpayer providing certain data management, storage, and security services, an administrative law judge (ALJ) with the New York Division of Tax Appeals held that based on the provided facts, its sales to customers constituted taxable sales of prewritten software rather than nontaxable, cloud-based services (*i.e.*, rather than platform-as-a-service (PaaS)). In doing so, the ALJ explained that the provided taxable prewritten software was sold as part of a bundle that included services for one charge, and when a bundle of taxable property and nontaxable services are sold together for one charge, the entire charge is taxable. Moreover, because the taxpayer did not provide any documentation regarding each of its customers' usage of the software within New York State and outside of New York State during the audit period, the ALJ held that the taxpayer failed to prove it was entitled to an apportionment of its customers' fees for using the software. Please contact us with any questions.

**URL:** <https://www.dta.ny.gov/pdf/determinations/850246.det.pdf>

— Philip Lee (Jericho)  
Managing Director  
Deloitte Tax LLP  
[philee@deloitte.com](mailto:philee@deloitte.com)

Brianne Moriarty (New York)  
Senior Manager  
Deloitte Tax LLP  
[bmoriarty@deloitte.com](mailto:bmoriarty@deloitte.com)

Justin Gulotta (New York)  
Senior Manager  
Deloitte Tax LLP  
[jgulotta@deloitte.com](mailto:jgulotta@deloitte.com)

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