



## North Carolina Department of Revenue

Beverly Eaves Perdue  
Governor

David W. Hoyle  
Secretary

April 13, 2012

Account ID: [REDACTED]  
Federal ID: [REDACTED]

[REDACTED]  
[REDACTED]  
[REDACTED]  
[REDACTED]

Re: Private Letter Ruling Request

Dear Ms. [REDACTED]

In your August 31, 2010 letter you stated that your firm is "entering into an Enterprise Subscription Agreement with [REDACTED] to purchase [REDACTED] [REDACTED] [REDACTED] [REDACTED] for the entire corporation. This will be installed on our server and the entire company will use this software. In regards to G.S. 105-164.13(43a) a, can we use this ruling to apply to other similar software we purchase?" We are in receipt of your letter dated September 21, 2010 along with the copy of the [REDACTED] [REDACTED] [REDACTED] [REDACTED] ("Agreement") signed September 13, 2010 between [REDACTED] and [REDACTED].

G.S. 105-164.13(43a) a. provides an exemption for computer software that is designed to run on an enterprise server operating system. The Department stated in its Important Notice: Computer software, issued February 2010 and available on the Department's website that the "exemption includes a purchase or license of computer software for high-volume, simultaneous use on multiple computers, that is housed or maintained on an enterprise server or end users' computers. The exemption includes software designed to run a computer system, an operating program, or application software."

Based on the Agreement provided, the customer purchased a [REDACTED] [REDACTED] Subscription for 700 operating licenses. It is our opinion that the transactions under this agreement would be exempt from sales and use tax. Your firm should issue Form E-595E, Streamlined Sales and Use Tax Agreement Certificate of Exemption and check "other" under "Reason for Exemption" and indicate G.S. 105-164.13(43a) a – Enterprise Server Operating System Software as the explanation to support your company's purchases of qualifying software exempt from tax.

Phone (919) 733-2151 Fax (919) 733-1821  
501 North Wilmington Street, Raleigh, North Carolina 27640  
P.O. Box 871 Raleigh, North Carolina 27602-0871

Website: [www.dornc.com](http://www.dornc.com)

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This opinion does not apply to other software you might purchase; however, we believe that your review of the Important Notice would be beneficial. If we can be of further assistance, please advise.

Very truly yours,

Administration Officer  
Sales and Use Tax Division

cc: , Director of Sales Tax  
, Assistant Director of Sales Tax