



North Carolina Department of Revenue

Beverly Eaves Perdue
Governor

David W. Hoyle
Secretary

May 4, 2012

Account ID: [REDACTED]
FEIN: [REDACTED]

[REDACTED]
[REDACTED]
[REDACTED]

Re: [REDACTED]

Dear Ms. [REDACTED]

We have your letter dated September 28, 2011, in which you inquired whether the online training courses your firm offers customers are subject to North Carolina sales and use tax.

We reviewed your firm's website, [REDACTED]. Your firm is described on its website as "[REDACTED]". The website offers the [REDACTED] which is designed with activities to teach your customers important skills that will help them achieve success in obtaining and maintaining employment. [REDACTED]

[REDACTED]. Your firm's customers pay [REDACTED] for access to the website. Your firm also sells workbooks that contain information based on the modules. The purchase of any workbook is a separate transaction from the purchase of access to the modules and other material found on the website.

N. C. Gen. Stat. § 105-164.4(6b) provides that sales tax applies to certain digital property described therein that is delivered or accessed electronically, is not considered tangible personal property, and would be taxable if sold in a tangible medium. The tax applies regardless of whether the purchaser of the item has a right to use it permanently or to use it without making continued payments. The tax does not apply to a service that is taxed under another subdivision of N.C. Gen. Stat. § 105-164.4 or to an information service. The following property is subject to tax under this subdivision: a.) an audio work; b.) an audiovisual work; c.) a book, a magazine, a newspaper, a newsletter, a report, or another publication; and d.) a photograph or a greeting card.

We have reviewed the information provided and have determined that the fee your firm charges for access to its website for the [REDACTED] [REDACTED] [REDACTED] is not a sale of certain digital

property subject to sales and use tax. Your firm's separate sale of any workbook is subject to sales tax for a workbook delivered in this State to a customer or a customer's designee.

This ruling is based solely on the facts submitted to the Department of Revenue for consideration of the transactions described. If the facts and circumstances given are not accurate, or if they change, then the taxpayer requesting this ruling may not rely on it. If a taxpayer relies on this ruling and the Department discovers, upon examination, that the fact situation of the taxpayer is different in any material aspect from the facts and circumstances given in this ruling, then the ruling will not afford the taxpayer any protection. It should be noted that this document is not to be cited as precedent and that a change in statute, a regulation, or case law could void this ruling.

If you have any questions, you may reach me at the number listed below.

Very truly yours,

Administration Officer
Sales and Use Tax Division

cc: , Director of Sales and Use Tax Division