



## North Carolina Department of Revenue

Beverly Eaves Perdue  
Governor

Kenneth R. Lay  
Secretary

May 18, 2010

[REDACTED]  
[REDACTED]  
[REDACTED]

Attention: [REDACTED], Tax Manager

Re: Private letter ruling request

FID: [REDACTED]

Account ID: [REDACTED]

Dear Ms. [REDACTED]:

We have your letter of March 19, 2010, requesting a private letter ruling regarding the application of North Carolina sales and use tax to receipts from your firm's medical bill review and management software.

You stated that your firm "will host and maintain the [REDACTED] software on servers located in California and customers, via a web-browser, will access the software. All [REDACTED] customers sign a software license agreement/contract that specifically states that we [REDACTED] are hosting the software. [REDACTED] retains title to the software and never delivers the software to its customers either in tangible format or by electronic means."

Receipts from access charges to computer software via the internet do not fall within the purview of certain digital property subject to tax in North Carolina under N.C. Gen. Stat. § 105-164.4(a)(6b). Based on the information provided in your inquiry, the receipts from the access charges to use the [REDACTED] software housed on servers in California are not subject to sales tax. We do not consider the transaction to be the retail sale of computer software since your firm does not deliver the software to customers, either in tangible format or electronically.

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, please advise.

Very truly yours,

Administration Officer  
Sales and Use Tax Division

cc: , Director – Sales and Use Tax Division  
, Assistant Director – Sales and Use Tax Division