



North Carolina Department of Revenue

Beverly Eaves Perdue
Governor

Kenneth R. Lay
Secretary

May 13, 2010

Via Facsimile

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

Re: Computer Software
EIN#: [REDACTED]
Account#: N/A

Dear Mr. [REDACTED]

This letter is in response to your letter of February 26, 2010 in which you ask for a determination regarding the application of sales tax to your purchases of income tax preparation software, bookkeeping software, and time and billing software purchased from [REDACTED]. In your correspondence you advise "your office has a total of four employees...and each employee has his or her own computer, which are all in constant contact with the same server." You also advised that "[a]ll software from [REDACTED] is installed only on the server and not on...individual PC's."

You include in the correspondence that it is your opinion that the items at issue are exempt from sales and use tax pursuant to N.C. Gen Stat. §105-164.13(43a). The Department's Important Notice regarding computer software of February 2010 advises 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." I have discussed your inquiry with the Secretary of Revenue and we concur that based on the information you have provided, your purchases will not be subject to sales or use tax.

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.

Sincerely,

[REDACTED], Director
Sales and Use Tax Division