



North Carolina Department of Revenue

Roy Cooper
Governor

Ronald G. Penny
Secretary

January 24, 2018

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

Re: [REDACTED]
Private Letter Ruling Request
Account ID: [REDACTED]
FEIN: [REDACTED]

Dear [REDACTED]

The Department has completed its review of your request for a written determination on behalf of your client, [REDACTED] ("Taxpayer"). In making this written determination, the Department has considered the facts presented in your initial request as well as any supplemental information provided or available to the Department.

This private letter ruling is a written determination issued under N.C. Gen. Stat. § 105-264.2 and applies the current tax law to a specific set of existing facts furnished by you on behalf of Taxpayer. This written determination is applicable only to the taxpayer addressed herein and as such has no precedential value except to the taxpayer to whom the written determination is issued on behalf of the Department. Pursuant to N.C. Gen. Stat. § 105-264, "[i]t is the duty of the Secretary to interpret all laws administered by the Secretary."

Overview and Relevant Facts

You advise that "[Taxpayer] is based in [REDACTED]" and "recently added an employee who will be located in North Carolina thereby creating sales and use tax nexus for the company." Your letter states, "[Taxpayer] is the developer and owner of an enterprise software application product used for [REDACTED] services by the [REDACTED] industry. [Taxpayer's] product is a web browser based computer application. [Taxpayer's] software is a type of SaaS software commonly referred to as software as a service. [Taxpayer's] application software is entirely cloud based and accessed via an internet connection. [Taxpayer's] software is located on servers owned by [Taxpayer]. [Taxpayer's] servers are not located in North Carolina. [Taxpayer] charges its customers a monthly subscription fee for use of [Taxpayer's] services. The software is not transferred to the customer and customers do not have the right to download, copy or modify the software."

Taxpayer's website, [REDACTED], on August 18, 2017, states that "[Taxpayer] builds and markets web based [REDACTED] solutions." The website states the "[Taxpayer's] applications help maximize the efficiencies possible in the [REDACTED] . . . by utilizing the Internet as a communications and procurement medium and providing access to collaborative [REDACTED] tools." The website also states that Taxpayer is "[h]elping healthcare organizations improve operations, enhance

