

North Carolina Department of Revenue

Beverly Eaves Perdue
Governor

David W. Hoyle
Secretary

March 30, 2012

Account ID: [redacted]
FEIN: [redacted]

[redacted]

Attention: [redacted]

Dear Mr. [redacted]:

We have your letter dated December 15, 2011, in which you request a ruling from the Department regarding your firm's North Carolina sales and use tax liability on its purchase of software.

You advised that your firm has purchased [redacted] word processing software ("[redacted] software") for use in this State. [redacted] software allows your firm's users to create documents containing text, charts and graphics on their computers. "The [redacted] software was downloaded electronically to [your firm's] enterprise servers located in North Carolina and was distributed from the servers to individual workstations. [Your firm] has purchased licenses for each laptop or desktop computer which will access the [redacted] software from the enterprise servers. The [redacted] software is installed on multiple end users' computers and may be accessed by the end user from either the enterprise server or their individual workstation."

Effective January 1, 2010, pursuant to N.C. Gen. Stat. § 105-164.13(43a), the sale at retail and the use, storage, or consumption of computer software designed to run on an enterprise server operating system is exempt from sales and use tax. In the "Important Notice: Computer Software" the Sales and Use Tax Division issued in February of 2010, we advised that "[a] sale of computer software that is designed to run on an enterprise server operating system is exempt from sales and use tax. 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. The delivery method of the computer software is irrelevant."

Prior to January 1, 2010, computer software delivered electronically or delivered by load and leave was exempt from sales and use tax pursuant to G.S. 105-164.13(43a).

Based on the information you have provided, [redacted] word processing software your firm purchased on or after January 1, 2010, to house and maintain on its enterprise servers located in this State is exempt from sales and use tax under the provisions of N.C. Gen. Stat. § 105-164.13(43a).

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,

[redacted]
Administration Officer
Sales and Use Tax Division

[redacted]

cc: [redacted], Director of Sales and Use Tax Division