



North Carolina Department of Revenue

Pat McCrory
Governor

Lyons Gray
Secretary

April 19, 2013

Account ID: [REDACTED]
FEIN: [REDACTED]

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

Attention: [REDACTED]

Re: Private Letter Ruling Request

Dear Mr. [REDACTED]

We have your firm's NC-PLR, Request for Private Letter Ruling, remittance of \$500.00, and letter dated January 19, 2012. You requested a ruling from the Department regarding your firm's North Carolina sales and use tax liability for particular transactions.

You advise that your firm, [REDACTED] ([REDACTED]) delivers "medical record fulfillment services to over 1500 medical facilities nationwide." Your firm's clients include small medical practices and large hospital networks. "The medical practices receive requests for copies of medical records which they pass to [REDACTED] for fulfillment. The medical practice either permits [REDACTED] to access their electronic medical files or, if the records are paper, provides the folder containing the requested records. [REDACTED] either extracts the record from the electronic media record (EMR) system or scans the record if paper based. In either case the images are uploaded to [your] central processing center in [REDACTED] where the records are processed, invoiced, and delivered electronically or via mail based upon the requester's preference."

[REDACTED] employees review each record and associated request to ensure an accurate match, which includes ensuring that the name and a second identifier on a request match the medical record and that the nine elements of a valid HIPAA request/authorization are present. "[REDACTED] charges a fee of [REDACTED] per page for the first 25 pages and [REDACTED] per page thereafter. A minimum fee is set at [REDACTED]." Mailing costs are added as applicable. You have inquired whether any of your firm's charges are subject to North Carolina sales or use tax.

N.C. Gen. Stat. § 105-164.4 imposes a sales tax on the retail sale of tangible personal property and certain digital property, and on other specified transactions such as rental of accommodations to transients, laundry and dry-cleaning services, and other certain services.

Information services are not subject to North Carolina sales or use tax. N.C. Gen. Stat. § 105-164.3(14a) defines "information service" as "[a] service that generates, acquires, stores, processes, or retrieves data and information and delivers it electronically to or allows electronic access by a consumer whose primary purpose for using the service is to obtain the processed data or information."

Based on our understanding of [REDACTED] transactions of delivering paper copies of medical records by mail or delivering medical records electronically, it is our position that [REDACTED] is providing an information service and is not making sales of tangible personal property or certain digital property for the transactions described in your request. Therefore, your firm's charges for providing medical records subsequent to receipt of a request for specific medical records are not subject to sales or use tax. [REDACTED] is liable for sales and use tax on its purchases of tangible personal property and certain digital property used in this State to provide services to customers pursuant to N.C. Gen. Stat. § 105-164.6.

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