



North Carolina Department of Revenue

Pat McCrory
Governor

Lyons Gray
Secretary

February 8, 2013

Federal ID: [REDACTED]
Account ID: [REDACTED]

[REDACTED]
[REDACTED]
[REDACTED]

Attention: [REDACTED]

Re: Private Letter Ruling

Dear Ms. [REDACTED]

We have your letter dated May 25, 2010, in which you requested a private letter ruling as to whether the software packages that your firm offers for sale qualify for the exemption from sales and use tax provided in G.S. 105-164.13(43a). Please accept our apology for the delay in responding to your request.

It is our understanding that [REDACTED] is a licensed reseller for [REDACTED], providing sales and service of financial and business management tools to handle the functions of accounting, operations distribution, manufacturing, human resources, customer relationship management, etc. Your company is also a licensed reseller for several software publishers who provide enhancement packages that can be integrated with the [REDACTED] products that your firm offers. Your company is currently taxing the sales of software but believe that the software sales may qualify for exemption from sales and use tax under G.S. 105-164.13(43a).

After reviewing the hardware and operating system requirements you provided that are necessary to run the primary [REDACTED] software packages, we are unable to provide an answer as to whether the software package sales would qualify for exemption from tax under G.S. 105-164.13(43a). The Department previously published "Important Notice: Computer Software, February 2010 on its website. The notice provides in part that "[t]he 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 design

aspects of the software and not the utilization of the software by the end-user determine whether the software is afforded the exemption from sales and 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.

Very truly yours,

Administration Officer
Sales and Use Tax Division

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