



North Carolina Department of Revenue

Pat McCrory
Governor

Lyons Gray
Secretary

June 27, 2014

FEIN: [REDACTED]

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

Attention: [REDACTED]

Re: [REDACTED]
Request for Expedited Private Letter Ruling

Dear [REDACTED]

We are in receipt of Form NC-PLR, Request for Private Letter Ruling, your letter dated April 28, 2014 and the accompanying remittance in the amount of \$5,000.00. You have inquired as to your client's North Carolina sales tax liability for providing an online software program

[REDACTED]
[REDACTED].

You advise that [REDACTED], ("Taxpayer") a subsidiary of [REDACTED], provides [REDACTED] which can only be accessed by logging on through the company's website. [REDACTED] [d]ealers may log in at any location where a dealer has internet access. [REDACTED] cannot be, and is not, downloaded onto any standalone computer . . . The dealer only needs an internet connection to connect to [REDACTED] from any device, at any time, without having to download another program or file."

You state that "[REDACTED] consists of several components, each of which can be purchased separately or in combination with one or more additional components. A dealer inputs its inventory into [REDACTED] and, depending on the components purchased, [REDACTED] provides the dealer with specific product information [REDACTED] The vast majority of Taxpayer's sales consist of [REDACTED] marketing information component, appraising component, and pricing component. [REDACTED]

[REDACTED]
[REDACTED]
[REDACTED] Dealers can manipulate the information input into [REDACTED]
[REDACTED]
[REDACTED]."

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You further state that "[redacted] is comprised of complex algorithms that analyze the [redacted] data entered [redacted] by comparing that data against market data. Taxpayer obtains the [redacted] market information from external sources ([redacted]), many of which are publicly accessible on the internet." You are inquiring as to whether Taxpayer's [redacted] is subject to sales tax in North Carolina.

Based solely on the facts presented in your letter, it is determined that [redacted] is an 'information service' as is defined in N.C. Gen. Stat. § 105-164.3(14a). The statute 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." Pursuant to the provisions of N.C. Gen Stat. § 105-164(a)(6b) in reference to digital property, "[t]he [sales] tax does not apply ... to an information service."

This letter 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 letter 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 letter ruling, the letter ruling will not afford the taxpayer any protection. It should be noted that this letter ruling 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 contact me at the telephone number listed at the bottom of the first page.

Sincerely,

[redacted]
Administration Officer
Sales and Use Tax Division

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