



NCDOR

**NORTH
CAROLINA
DEPARTMENT
OF REVENUE**

IMPORTANT NOTICE: CERTAIN DIGITAL PROPERTY

The following important information is addressed in this notice:

- Definition of certain digital property.
- The imposition of tax on certain digital property.

Definition

N.C. Gen. Stat. §105-164.3 defines the following **effective October 1, 2019**:

Certain digital property - An item listed [below] that is delivered or accessed electronically and that is not considered tangible personal property. The term does not include an information service. The items are:

- a. An audio work.
- b. An audiovisual work.
- c. A book, magazine, a newspaper, a newsletter, a report, or another publication.
- d. A photograph or a greeting card.

Prior to October 1, 2019, the term “certain digital property” was defined as “[a]n item listed [below] that is delivered or accessed electronically, is not considered tangible personal property and would be taxable under [Article 5 of Chapter 105 of the North Carolina General Statutes] if sold in a tangible medium. The term does not include an information service. The items are:

- a. An audio work.
- b. An audiovisual work.
- c. A book, magazine, a newspaper, a newsletter, a report, or another publication.
- d. A photograph or a greeting card.”

Taxes Due on Certain Digital Property

Sales of certain digital property are subject to the general State, applicable local, and applicable transit rates of sales and use tax. The sales and use tax on certain digital property, as amended effective October 1, 2019, clarifies that certain digital property does not need to be sold in a tangible medium in order to be taxable.

Assistance

If you have questions about this notice, you may call the Department at 1-877-252-3052 (8:00 am until 5:00 pm EST, Monday through Friday).

To the extent there is any change in the rate or amount of tax, change to a statute or regulation, or new case law subsequent to the date of this notice, the provisions in this important notice may be superseded or voided. To the extent that any provisions in any other notice, directive, bulletin, or published guidance regarding the subject of this notice and issued prior to the date of this notice conflict with this important notice, the provisions contained in this important notice supersede the previous guidance.