

**State-by-State Sales Tax Treatment of Software as a Service (SaaS)**

| 18 States + D.C. Tax     | 27 States Exempt      | 5 States ≠ Sales Tax |
|--------------------------|-----------------------|----------------------|
| 1 Arizona                | Alabama**             | Alaska               |
| 2 Connecticut            | <b>Arkansas</b>       | Delaware             |
| 3 Hawaii*                | California            | Montana              |
| 4 <b>Iowa</b>            | Colorado              | New Hampshire        |
| 5 Mississippi            | Florida               | Oregon               |
| 6 Massachusetts          | <b>Georgia</b>        |                      |
| 7 New Mexico             | Idaho                 |                      |
| 8 New York & NYC         | Illinois              |                      |
| 9 <b>Ohio</b>            | <b>Indiana**</b>      |                      |
| 10 Pennsylvania          | <b>Kansas</b>         |                      |
| 11 <b>Rhode Island**</b> | <b>Kentucky*</b>      |                      |
| 12 South Carolina        | Louisiana             |                      |
| 13 South Dakota          | Maine*                |                      |
| 14 Tennessee             | Maryland*             |                      |
| 15 Texas                 | <b>Michigan</b>       |                      |
| 16 <b>Utah</b>           | <b>Minnesota</b>      |                      |
| 17 <b>Washington</b>     | Missouri              |                      |
| 18 Washington DC         | <b>Nebraska</b>       |                      |
| 19 <b>West Virginia*</b> | <b>Nevada*</b>        |                      |
| 20                       | <b>New Jersey</b>     |                      |
| 21                       | <b>North Carolina</b> |                      |
| 22                       | <b>North Dakota</b>   |                      |
| 23                       | <b>Oklahoma**</b>     |                      |
| 24                       | <b>Vermont</b>        |                      |
| 25                       | Virginia              |                      |
| 26                       | Wisconsin             |                      |
| 27                       | <b>Wyoming</b>        |                      |

**Bold = SSUTA full member states**

\*Little or no guidance

\*\*Recent changes:

**Alabama:** *Ex parte Russell Cty. Cmty. Hosp., LLC, No. 1180204, 2019 WL 2150922 (Ala. May 17, 2019)* (holding that all software, including custom software created for a particular user, is taxable tangible personal property. However, nontaxable services that can accompany the conveyance of software include "determining a particular software user's needs, designing and programming new software for a particular user, modifying or configuring existing software programs to meet a particular user's needs, installing software, and training users to operate software. If the costs of such services are separately stated and invoiced, they are nontaxable. Charges for the software itself trigger the imposition of sales tax at the time the sale closes and the software is transferred to the purchaser.").

**Indiana:** eff. July 1, 2018, transactions involving the remote access of prewritten software over the internet, private or public networks, or through wireless media, are not considered to be "delivered electronically," and do not constitute a retail transaction. I.C. § 6-2.5-4-16.7, as added by 2018 Ind. S.B. 257, eff. July 1, 2018; Indiana Tax Information Sales Tax Bulletin 8; Indiana Department of Revenue, New Laws in Effect from 2018 Session; Indiana Commissioner's Directive 41.

**Rhode Island:** eff. Oct. 1, 2018, vendor-hosted prewritten computer software is subject to Rhode Island's sales tax. Rhode Island considers sales of such software to be SaaS transactions. R.I. Gen. Laws § 44-18-7(15), as added by 2018 R.I. H. 7200, eff. July 1, 2018; Rhode Island Advisory 2018-38 (Sept. 4, 2018); Rhode Island Tax News First Quarter 2019; see Rhode Island Dept. of Rev., Summary of Legislative Changes (July 12, 2018).