

Sales tax on prewritten software

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Taxation of SaaS by State

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

Bold = SSUTA full member states

*Little or no guidance

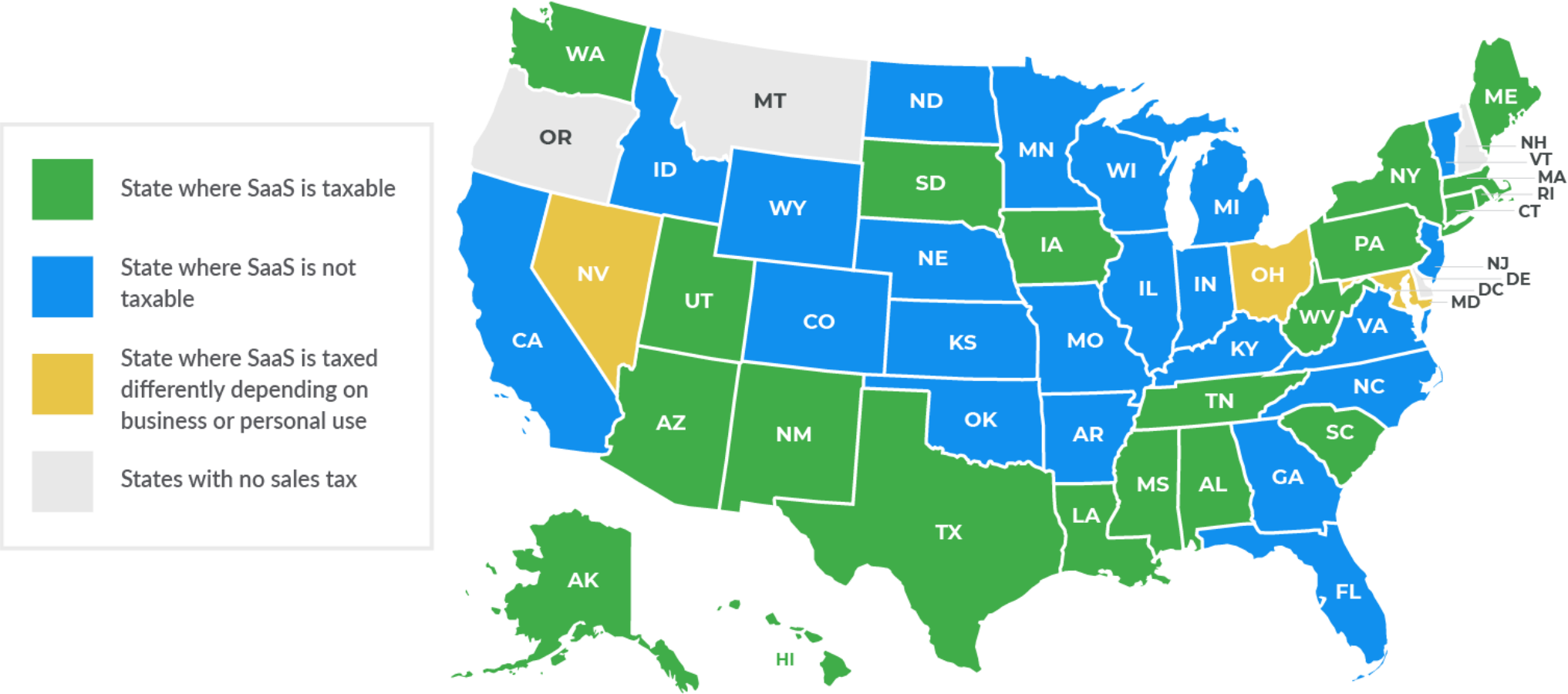
**Recent changes:

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).

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Source: <https://blog.taxjar.com/saas-sales-tax/>