

## Software Broken Down by Delivery Method

Line	Description	Examples	Taxability	Rule Ref
1A	Software permanently loaded from a disk onto the user's computer. The user retains the disk in their possession. The software is fully functional without an internet connection, though the software may require a one-time or ongoing validation that temporarily requires the internet	Microsoft Windows & Office applications (Word, Excel, PowerPoint), TurboTax, QuickBooks, Adobe Photoshop	Taxable	Subsections 01.a & 03
1B	Same facts as 1A except the software comes preloaded on hardware purchased at the same time as the software.	All of the above purchased w/ new Dell computer	Taxable	Subsections 01.a & 03
1C	Same facts as 1A except the user downloads the software rather than loading it off a disk.	All of the above, Smartphone or tablet apps	Not Taxable	Subsections 01.a & 03
1D	Same facts as 1A except the seller loads the program directly onto the user's computer, but does not leave any disks with the user.	Enterprise software such as PeopleSoft	Not Taxable	Subsections 01.a & 03
1E	In addition to the facts of 1A, 1B, or 1C, a user pays separately for updates or additional features downloaded or accessed over the internet.	Intuit Payroll updates	Not Taxable	Subsections 01.a & 03
1F	Software accessed over the internet often through a web browser (i.e. Internet Explorer). The software is not permanently loaded onto the user's computer.	Microsoft Office 365, TurboTax Online, QuickBooks Online	Not Taxable	Subsections 01.k & 04

## Miscellaneous Software Products

Line	Description	Examples	Taxability	Rule Ref
2A	Software permanently loaded on the user's computer from a disk that the user retains. However, the software has minimal functionality, if any at all, without access over the internet to the provider's servers.	Go2Meeting, Adobe Connect	Not Yet Addressed in Rule Draft	Subsections 01.a & 03.a
2B	Initial purchase of software to monitor files on the user's hard drive for changes and upload those files to a remote server for online data storage. The software is permanently loaded on the user's computer from a disk that the user retains.	Carbonite	Taxable	Subsections 01.a & 11
2C	Periodic charges for online data storage.	Carbonite	Not Taxable	Subsection 11

<b>Digital Books, Music, &amp; Videos</b>				
<b>Line</b>	<b>Description</b>	<b>Examples</b>	<b>Taxability</b>	<b>Rule Ref</b>
3A	Purchase of specific digital books, music, & videos. The user permanently downloads the digital product onto the user's computer or device.	iTunes, Amazon Kindle books, Barnes & Noble Nook books	Taxable	Subsections 01.h, 01.i, & 06
3B	Same facts as 3A except the digital product may be streamed (i.e. downloaded temporarily), though the user has the ability to download the song permanently if desired.	Amazon Cloud Player	Taxable	Subsections 01.h, 01.i, & 06
3C	Charge to rent specific digital books, music, or videos online. Depending on the seller, the digital product may be streamed (i.e. downloaded temporarily) or downloaded for a longer period of time	Amazon & iTunes video rentals, Amazon Kindle textbook rentals, New York Times Digital Archive, DigiBoo	Taxable	Subsections 01.h, 01.i, & 06
3D	Purchase of a ringtone for a cellphone	Verizon Wireless Media Store	Taxable	Subsections 01.h, 01.i, & 06

<b>Digital Subscriptions</b>				
<b>Line</b>	<b>Description</b>	<b>Examples</b>	<b>Taxability</b>	<b>Rule Ref</b>
4A	Charge to access online library of digital books, music, or videos which the user streams (i.e. downloads temporarily) over the internet. Any additional software necessary to use the product is provided free of charge.	Netflix Streaming, Hulu Plus, Amazon Prime Streaming Video	Taxable	Subsections 01.h, 01.i, & 07
4B	Same facts as 4A except the digital books, music, or videos may be downloaded onto the user's computer or device for use without an internet connection.	Spotify Premium	Taxable	Subsections 01.h, 01.i, & 07
4C	Charge to access digital periodicals such as a magazine or newspaper.	Digital subscriptions to Idaho Statesman, Wall Street Journal, New York Times, or Time Magazine	Not Yet Addressed in Rule Draft	Subsections 01.h, 01.i, & 07.a
4D	Charge to access online library of digital research content. The charge may be based on access for a period of time or quantity of content accessed. The database is continually updated. In some instances, content can be downloaded over the internet and loaded permanently onto user's computer.	Westlaw, CCH, Lexis Nexis	Not Taxable	Subsections 01.h, 01.i, & 07.b
4E	Charge to access an online contact list, contracts list, mailing list, sales lead list, credit report, etc.	Dunn & Bradstreet, Salesforce.com, InfoUSA.com	Not Taxable	Subsections 01.h, 01.i, & 06.a

<b>Data Processing &amp; Resale</b>				
<b>Line</b>	<b>Description</b>	<b>Examples</b>	<b>Taxability</b>	<b>Rule Ref</b>
5A	Seller purchases raw data (e.g. sales information) from various businesses. Seller expends significant time and resources to "clean up" the raw data and get it into a usable format. Then, Seller works with Customer to determine what portion of the data is of interest to Customer (e.g. sales of certain products in a particular region). Seller charges Customer for the right to use the data for a specified period of time and Customer has access to the data on its own storage media.		Taxable	Subsections 01.h, 01.i, & 06.a
5B	Same facts as 5A except Customer only has access to the full data over the internet. Reports can be generated from the data that the user may load onto the user's computer.		Not Taxable	Subsections 01.h, 01.i, & 06.a
5C	Associated with the transaction described in 5A, Seller also works with Customer to design custom projections and reports to extrapolate data in a format of interest to Customer. Seller charges separately for these services.		Not Taxable	Subsection 11
<b>Cable &amp; Satellite TV</b>				
<b>Line</b>	<b>Description</b>	<b>Examples</b>	<b>Taxability</b>	<b>Rule Ref</b>
6A	Charge to view a specific event or show that must be viewed at a set time	Pay Per View Events	Not Yet Addressed in Rule Draft	Subsection 09
6B	Same facts as 6A except the event or show may be viewed at any time during a defined period of time.	DirecTV Video on Demand; CableOne	Not Yet Addressed in Rule Draft	Subsection 09

<b>Video Games</b>				
<b>Line</b>	<b>Description</b>	<b>Examples</b>	<b>Taxability</b>	<b>Rule Ref</b>
7A	Sale of a game that runs entirely on the user's computer or device, but the user must periodically connect to the internet to maintain playability	Games purchased through Steam or Origins	Taxable	Subsection 08
7B	Sale of a game that runs entirely on the user's computer or device, except for a multiplayer option available over the internet.	Call of Duty, Grand Theft Auto	Taxable	Subsection 08
7C	Sale of a game that runs partially on the user's computer or device and partially over the internet at all times	Diablo III, SimCity	Taxable	Subsection 08
7D	Sale of a game app downloaded to a smartphone or tablet	Angry Birds	Taxable	Subsection 08
7E	Subscription charges to play a specific online-only game	World of Warcraft	Taxable	Subsection 08
7F	Subscription charges to an online multiplayer gaming service	Xbox Live Gold, Playstation Plus	Taxable	Subsection 08
7G	Real money purchase of content or game enhancements within a digital game	Words with Friends, Candy Crush Saga	Not Yet Addressed in Rule Draft	N/A
7H	Real money purchase of virtual currency that is used to purchase content or game enhancements within an online game	Facebook games, Smartphone game apps	Taxable	Subsection 08
7I	Real money purchase of virtual currency that is used to purchase digital products such as video games, digital videos, or apps	Nintendo Points	Not Yet Addressed in Rule Draft	N/A