

Determining the taxability of

# SOFTWARE, DIGITAL & CLOUD SERVICES

is one of the most complex areas in sales and use taxation today.

## WHY ezMATRIX?

Complying with sales and use tax laws is difficult for most technology companies, but historic complexity has been exacerbated by the 2019 U.S Supreme Court decision in *Wayfair*. *Wayfair* paved the way for states to enact laws requiring remote sellers, that formerly had no tax obligation in the state, to begin collecting tax from all customers – assuming the remote seller meets certain economic thresholds.

Founded and managed by a nationally recognized expert in sales and use tax matters, there is no better resource for determining the taxability of your sales or purchases of technology related items – from traditional software to the cloud, it is covered. ISTS is on the cutting edge of these issues, updating its content daily for developments impacting this ever changing and increasingly complex area of sales and use taxation. ISTS is the only resource that addresses each state’s specific situsing regime, including when the jurisdiction permits the use of an exemption certificate, such as MPU.

## KEY FEATURES

UPDATED DAILY

WEB BASED, MATRIX FORMAT

ORGANIZED BY STATE AND/OR TAX CATEGORY

LINKS TO CITATIONS AND STATE WEBSITES

“WHAT’S NEW” SECTION HIGHLIGHTING CURRENT DEVELOPMENTS

SITUSING RULES, INCLUDING MPU’S

PROVIDES ACCESS TO OTHER INDUSTRY USERS



**ISTS** Sales Tax Decision Making Tool for Software Related Transactions  
Industry Sales Tax Solutions

PRINT | LOG OUT  
AT-A-GLANCE VIEW  
STATE VIEW

WHAT'S NEW | QUICK START | EDUCATION | MEMBER SERVICES | HELP | SELECT A STATE

**TEXAS**

DEFINITIONS | WHAT'S NEW

Category	Item	Exemption	Criteria	Notes
CLOUD SERVICES:	SaaS - Service Agreement	T	User Location	20% of the value of such services is exempt from sales and use tax. Tex. Code 151.0101(a)(10) Tex. Code 151.051 Tex. Reg. 34 TAC 3.330 Tex. Comp. of Pub. Accts. Letter No. 200107399L (7/26/01) Tex. Comp. of Pub. Accts. Letter No. 200401223L (1/14/04) Tex. Comp. of Pub. Accts. Letter No. 20170504L (5/30/2017)
	SaaS - License Agreement	T	User Location	20% of the value of such services is exempt from sales and use tax. Tex. Code §§ 151.0101(a)(10) & (12), 151.010, 151.0035 Tex. Code §§ 151.051, 151.351 Tex. Reg. 34 TAC 3.330 Tex. Comp. of Pub. Accts. Letter No. 200401223L (1/14/04) Tex. Comp. of Pub. Accts. Letter No. 201004665L (4/29/2010) Tex. Comp. of Pub. Accts. Letter No. 20170504L (5/30/2017)
	Web Hosting	T	Benefit	20% of the value of such services is exempt from sales and use tax. Tex. Reg. 34 TAC 3.330 Tex. Comp. of Pub. Accts. Letter No. 201807010L (7/10/2018) Tex. Comp. of Pub. Accts. Letter No. 200701906L (1/30/2007) Tex. Comp. of Pub. Accts. Letter No. 9909656L (9/2/1999) Tex. Tax Policy News (July

## TAXABILITY MATRIX COVERING

- Cloud Services, including SaaS, Web Hosting and Remote Storage
- Canned and Custom Software, addressing various methods of delivery
- Maintenance Agreements
- Computer Services, including Web Design, IT Staff Augmentation, Data Processing and Consulting
- Digital Goods
- Information Services



## OUR FOUNDER

**Carolynn Kranz** is a nationally recognized expert in sales and use tax matters, focusing on the high tech industry. With over twenty years of experience, much of it in Big Four firms, Carolynn has dedicated her career to assisting clients in evaluating the sales and use tax impact of their constantly changing technology models. Carolynn was recognized by State Tax Notes in its monthly State Tax Spotlight, which regularly profiles a person or organization influential in the state and local tax world. In addition, Carolynn is a frequent speaker on multi-state sales and use tax matters for clients, businesses, and a number of professional organizations, including the ABA, COST, IPT, NYU, and TEI. Carolynn is also the current President of the Business Advisory Council to the Streamlined Sales Tax Governing Board. Carolynn has also authored a book published by LexisNexis - State Tax Guide to Digital Content and Cloud Services, 1st through 7th Editions; a chapter of IPT's book on Sales and Use Taxation; numerous articles for LexisNexis' Practitioner Insights; and has been published in State Tax Notes, BNA, and the Pennsylvania CPA Journal.

## TESTIMONIALS

“ Carolynn Kranz has built an exceptional database in ISTS, providing Avalara a great resource for researching and confirming sales tax scenarios involving software-related transactions, digital goods, and cloud services. Her ability to explain these complex tax situations with clarity is highly-valued by Avalara teams. Carolynn's deep understanding of tax legislation processes within each state provides valuable insight when determining difficult taxability solutions when challenging legislation is enacted.”

**Mckenna Krueger**  
Sr. Tax Research Analyst  
**Avalara**

“ I have used ISTS for a number of years and it provides an unbelievably fast answer to most questions regarding the current sales and use tax treatment of most any software or related product in any state. Not only does it give you an immediate answer, but it also provides the citations to statutory regulatory and other guidance providing the basis for the answer. This product puts the entire field at your fingertips. No practitioner should be without it.”

**Mark Nebergall**  
President  
**Software Finance and  
Tax Executives Council**

“ Everyone who is a buyer or provider of technology needs this top notch resource. Carolynn and her team are right on top of the sales tax issues for this industry. It has been a key tool in my resources for many years.”

**Diane L. Yetter**  
President  
**YETTER - Sales Tax Institute**

“ Intuit has been a subscriber of the ISTS ezMATRIX for over 13 years. A must have and valuable resource for all software companies.”

**Dean Henderson**  
Senior Tax Manager  
**Intuit Inc.**

## CONTACT US

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