

## Sales/Use/Indirect:

### Colorado Letter Ruling Addresses Taxability of Online Learning Products and Internet Ad Services

*Private Letter Ruling PLR 21-005*, Colo. Dept. of Rev. (7/21/21). A Colorado Department of Revenue (Department) private letter ruling addresses the taxability of on-demand digital courses (*i.e.*, streaming video lessons) provided by an online virtual learning platform, concluding that its learning plan products are subject to Colorado and Colorado-administered local sales taxation as mixed transactions that are “more analogous to the sale of tangible personal property.” In doing so, the Department reasons that, under the facts, what makes the provider’s platform subscription valuable is “access to the preproduced videos and accompanying transcripts” and that “when viewed as a whole” the learning plan products are more akin to tangible personal property. Additionally, the Department concludes that the company’s internet advertising revenue from its “pay-per-click model” and the fulfilling of insertion orders is *not* subject to Colorado or Colorado-administered local sales tax because “advertising services, like most services in Colorado, are generally not subject to sales or use tax.” Please contact us with any questions.

**URL:** <https://tax.colorado.gov/sites/tax/files/documents/PLR-21-005.pdf>

— Lance Williams (Denver)  
Managing Director  
Deloitte Tax LLP  
lancwilliams@deloitte.com

Jeff Maxwell (Denver)  
Senior Manager  
Deloitte Tax LLP  
jemaxwell@deloitte.com

Mikaela Neumuller (Denver)  
Manager  
Deloitte Tax LLP  
mneumuller@deloitte.com

This document contains general information only and Deloitte is not, by means of this document, rendering accounting, business, financial, investment, legal, tax, or other professional advice or services. This document is not a substitute for such professional advice or services, nor should it be used as a basis for any decision or action that may affect your business. Before making any decision or taking any action that may affect your business, you should consult a qualified professional advisor. Deloitte shall not be responsible for any loss sustained by any person who relies on this document.

#### About Deloitte

Deloitte refers to one or more of Deloitte Touche Tohmatsu Limited (“DTTL”), its global network of member firms, and their related entities (collectively, the “Deloitte organization”). DTTL (also referred to as “Deloitte Global”) and each of its member firms and related entities are legally separate and independent entities, which cannot obligate or bind each other in respect of third parties. DTTL and each DTTL member firm and related entity is liable only for its own acts and omissions, and not those of each other. DTTL does not provide services to clients. Please see [www.deloitte.com/about](http://www.deloitte.com/about) to learn more.