

Sales/Use/Indirect:

Iowa DOR Addresses Taxability of Web Hosting Services in Relation to Certain Digital Products

IDR Releases New Tax Guidance: Web Hosting Taxability, Iowa Dept. of Rev. (10/26/21). The Iowa Department of Revenue (Department) released guidance explaining the state taxability of web hosting services as it relates to certain digital products, software, and related services, concluding that they are *not* taxable services in Iowa. In doing so, the Department states that while “web hosting” is a “common service provided to people or businesses looking to publish a website,” the term is not specifically defined by Iowa statutes or existing rules. However, web hosting is “generally understood as an online service that allows users to publish their website files onto the internet to make available for public access.” The Department explains that while web-based storage may be taxable in Iowa as the “storage of tangible or electronic files, documents, or other records,” web hosting is focused on the publication of the data rather than mere storage. Accordingly, because web hosting is not an otherwise enumerated taxable service in Iowa when provided in a traditional, standalone manner, or even when provided as part of nontaxable “infrastructure as a service (IaaS),” it does not constitute a taxable service in Iowa. Please contact us with any questions.

URL: <https://tax.iowa.gov/idr-releases-new-tax-guidance-web-hosting-taxability>

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