

## Sales/Use/Indirect:

### Virginia: True Object of Remotely Accessible Security Systems is a Nontaxable Service

*Public Document No. 21-139*, Va. Dept. of Tax. (11/9/21). In a ruling involving a company providing security system equipment to its customers, including software applications and its web portal and network that allows customers to customize their remote user experience with the system, the Virginia Department of Taxation (Department) held that the true object for the company's customers under the provided facts is the ability to remotely control and automate their premises (and in the case of video, obtain information in the form of video data) and thus the company is providing nontaxable services in these transactions. Under the facts, the provided system allows customers to perform off-site video monitoring of their own premises and to control or automate certain functions remotely, such as enabling the security system, locking doors, adjusting temperature controls, controlling appliances and turning on lights; additionally, the company offers several video functions with the system, including the ability to record video, store short video clips locally using a provided software mobile application, store video in the company's cloud storage, view live or event-driven video on the mobile application or the company's website, and receive text or email alerts from the system for certain triggering events. The customers are only able to perform such activities by using the system's hardware, software and network together, and pay a periodic bundled charge for the equipment and all associated services. Please contact us with any questions.

**URL:** <https://www.tax.virginia.gov/laws-rules-decisions/rulings-tax-commissioner/21-139>

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