

Indirect/Sales/Use:

Connecticut Letter Ruling Addresses Taxability of Online Learning Plans as Digital Goods

Ruling 2022-2, Conn. Dept. of Rev. Serv. (4/21/22). In a ruling involving whether learning plans that a company offers on its online platform are subject to Connecticut sales and use taxes as the sale of digital goods, the Connecticut Department of Revenue Services (Department) held that such learning plans are *not* taxable as digital goods in this case because their true object is a nontaxable service. According to the Department, “a review of what the learning plans provide to students makes it clear that they are not choosing to purchase the plans simply for the ability to watch an electronically accessed or transferred audio-visual production, such as would be the case if they merely sought to purchase a digital good.” The Department noted that the learning plans in this case offer students access to a live tutor and practice quizzes, and several plans allow students to gain credit toward academic, vocational, or professional accreditations. In this respect, “while the audio-visual works are an important component” of the company’s learning plans, the true object for the students in taking the courses on the platform is “the education or training they offer, and not the sale of a digital good.” The Department explained that some of the learning plans nevertheless may be subject to Connecticut sales and use taxation if, under the facts, they fall under a statutorily enumerated service. In this case, depending on the circumstances, the company’s learning plans may be taxable as either job-related training under Conn. Gen. Stat. § 12-407(a)(37)(J), or computer training or software training under Conn. Gen. Stat. § 12-407(a)(37)(A). Please contact us with any questions.

URL: <https://portal.ct.gov/DRS/Publications/Rulings/2022/2022-2>

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