

Sales/Use/Indirect:

Tennessee: Letter Ruling Explains Taxation of Online Courses Providing Varying Interactive Features

Letter Ruling No. 23-07, Tenn. Dept. of Rev. (9/6/23). In a letter ruling involving an online licensing course that provides customers with pre-recorded audio lectures and written transcripts of the lectures, as well as an online exam guide course that provides customers with text-based lessons and practice exams, the Tennessee Department of Revenue (Department) concluded that such courses are subject to Tennessee sales and use tax as remotely accessed computer software and that the addition of a “live chat” feature in these situations did not alter the taxability of these transactions. The letter ruling also concludes that a course textbook available as a “downloadable PDF” is *not* subject to Tennessee sales and use tax because textbooks are not subject to sales and use tax under Tennessee law whether in digital or physical form. Regarding a proposed mortgage loan originating “hybrid” course offering some live instruction and some online aspects for quizzes and exams, the letter ruling concludes that the “self-paced course” would be considered computer software subject to Tennessee sales and use tax under a true object analysis. Please contact us with any questions.

URL: <https://www.tn.gov/content/dam/tn/revenue/documents/rulings/sales/23-07.pdf>

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