

Sales/Use/Indirect:

Rhode Island Administrative Ruling Says Charges for Online Educational Courses and Software are Taxable

Ruling Request No. 2023-02, R.I. Div. of Tax. (9/5/23). Responding to a ruling request from a business primarily providing online educational courses, furnishing in-person teaching support, and hosting networking and best practices sharing events, the Rhode Island Division of Taxation (Division) concluded that, based on the provided facts, the taxpayer's charges for its online programs and computer software are subject to Rhode Island sales and use tax. Specifically, the Division explains that the computer courses that the taxpayer sells directly to its customers are taxable "tangible personal property" under Rhode Island sales tax law. Additionally, because infrastructure as a service ("IaaS"), platform as a service ("PaaS"), and software as a service ("SaaS") are taxable as long as there is a charge to a Rhode Island customer for the use of the virtual infrastructure, platform, or for software that is accessed through the internet or on a vendor-hosted server, any charges for Rhode Island customers to access the taxpayer's online courses and software services are taxable as IaaS, PaaS, SaaS, and as part of the sale and/or license of the software to the customer. Please contact us with any questions.

URL: <https://tax.ri.gov/guidance/declaratory-rulings/ruling-request-no-2023-02>

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