

Information technology products and services

This quick reference guide is intended to provide guidance regarding the taxability of information technology (IT) products and services

Non-itemized charges: Generally, when IT products and services are sold as a non-itemized package, the entire transaction is subject to retail sales or use tax. For example, if prewritten computer software, customization of prewritten computer software, and installation services are sold for one non-itemized price, the entire charge is subject to retail sales tax or use tax.

Itemized charges: When the products and services are separately stated on a sales invoice or contract, charges for computer hardware and prewritten computer software are subject to retail sales or use tax. Separately stated charges for custom software and customization of prewritten software are not subject to retail sales or use tax.

Taxability of products and services when separately stated

Generally subject to retail sales or use tax

- Computer hardware: laptops, desktops, tablets, handheld devices, mobile devices
- Computer systems: computers and associated prewritten software
- Computer networks: two or more computer systems with common storage
- Installation of cable and wiring for computer networks
- Prewritten computer software and applications
- Prewritten computer software upgrades, updates, patches or keys
- Routine installation of prewritten software
- Repair or maintenance of computer hardware, systems or networks
- Prewritten software maintenance agreement that includes software updates and upgrades
- Digital goods: downloaded, streamed or accessed
- Remote access software

- Digital automated services

Generally not subject to retail sales or use tax

Implementation related services

- Customization or configuration of prewritten computer software
- Non-routine installation of prewritten computer software
- Data preparation and data conversion
- Project management; developing project definition and scope requirements
- Planning and technology assessment
- System design, development, implementation, integration and migration
- Performance assessment: testing system and components
- Quality assurance services
- Disaster recovery planning
- System architecture: analysis and design of complex business and technology requirements
- Programming (code writing)

Other services

- Business process re-engineering
- Technical writing
- Assisting with network operations and support
- Technology support: troubleshooting, basic analysis, hardware and software technical support (not repairs) and production services support
- Help desk services
- Custom software and services rendered to custom software
- Website services: design, maintenance, hosting
- In-person training related to hardware or software
- Network system support services
- Custom software maintenance agreement
- Data entry services
- Data processing services, such as processing checks, images, or forms

References

WAC 458-20-15501 – Taxation of computer systems and hardware

WAC 458-20-15502 – Taxation of computer software

WAC 458-20-15503 – Digital products

RCW 82.04.192 – Digital products definitions

Questions?

Call us at 360-705-6705. You may also request a binding tax ruling on future transactions.



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