



STATE OF WASHINGTON
DEPARTMENT OF REVENUE

December 13, 2006

FAX 360-586-7575

Mr. Will Stuiivenga
Project Manager, Statewide Database Licensing
Washington State Library
PO Box 42460
Olympia, WA 98504-2460

Dear Mr. Stuiivenga:

Thank you for your e-mail inquiry, dated November 6, 2006, asking for clarification on the taxability of online subscriptions. It was a pleasure to meet with you on December 12, 2006, to discuss your concerns.

Facts Presented

The online subscriptions that you have presented for our review are those where the true object of the subscription is to allow online search access to information stored on servers maintained by the subscription service provider. The true object of the subscription is not to provide a download of the information even though subscribers may be able to download portions of such information. The subscription does not permit the user to download the entire data base.

Ruling

A subscription to a searchable electronic database described above does not entail the delivery of any publication (or product) to the subscriber. The subscriber is allowed to access the database, which may contain various publications (and articles and excerpts therein) but the subscriber never takes delivery of the publications contained within the database. Therefore, the subscription charge to access the database is not subject to sales tax nor use tax as the true object of the subscription is for the subscriber to access the searchable database, rather than to purchase downloaded information.

We appreciate that you would like to disseminate this ruling to both libraries and vendors. Feel free to distribute copies of this letter as it clarifies our letters dated March 7, 2001, and April 2, 2001, with regard to online subscriptions (as described herein).



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If you have further questions, please do not hesitate to write again.

Sincerely yours,

A handwritten signature in blue ink, appearing to read "Gary Davis", with a stylized flourish at the end.

Gary Davis, Manager
Taxpayer Information & Education