Quick Reference Guide
Taxability of IT Products and Services When Sold as a Package

This quick reference guide applies when there is a sale of an information technology (IT) system through a single contract or combination of contracts from a single seller to meet a buyer’s specifications. By system, we mean the combination of computer hardware, computer software, and related services required to meet the customer’s specifications.

Purchases of these items are generally subject to sales or use tax.
1. Computer hardware
2. Prewritten computer software and applications
3. Prewritten computer software upgrades, updates, patches, keys, etc.
4. Routine installation of prewritten software
5. Computer systems
6. Repair or maintenance of computer systems or hardware or network
7. Downloaded, streamed, or accessed digital goods
8. Remote access software
9. Digital automated services

Presumably sales or use tax applies
Regardless of whether they are separately stated, purchases of the following services will also be subject to sales or use tax if they are necessary to deliver the computer hardware, computer software, or a computer system as specified by the customer.
1. Acquisition planning and technology assessment
2. Project management
3. System development and implementation, integration, and migration
4. Design, and implementation
5. Quality assurance services
6. Disaster recovery planning
7. System architecture (analysis and design of complex business and technology requirements)
8. Business process re-engineering
9. Performance assessment
10. Technical writing
11. Assisting with network operations and support
12. Technology support including: troubleshooting, basic analysis, hardware and software technical support (not repairs) and production services support
13. Testing system and components

Presumably sales or use tax does not apply
Purchases of these services are generally not subject to sales or use tax if they are optional, separately stated services and are not necessary to complete delivery of the original system.
1. Helpdesk services
2. Custom software and services rendered to custom software
3. Customization of prewritten computer software
4. IT Multimedia services, when supplied by or through DIS, including but not limited to video production, satellite broadcasting, video digitizing, and webcasting
5. Internet programming services and website maintenance and hosting
6. Standard IT training related to hardware or software in use by an agency
7. Network system support services
8. Feasibility studies
9. Needs assessment—including consultation with the user as to needs and requirements
10. Development of project definition and scope requirements
11. Business and technology planning
12. Routine programming (code writing)
13. Data entry services
14. Data processing services (check processing, image processing, form processing, survey processing, payroll processing, claim processing, and similar activities)

For further information on the taxability of IT services, reference WAC 458-20-15501 and WAC 458-20-15502. You can also request a binding tax ruling and submit here.