



Tax Department's Policy Regarding Whether E-Books Constitute Information Services Subject to Sales and Use Taxes

It is the Tax Department's current position that *e-books* meeting the conditions described below do not constitute information services subject to state and local sales and use taxes (sales tax) under section 1105(c)(1) of the Tax Law.

This memorandum addresses whether the sale of a book delivered electronically (referred to for purposes of this memorandum as an *e-book*) is the sale of an information service subject to sales tax under section 1105(c)(1) of the Tax Law. The policy discussed in this memorandum is limited to products that are not, or do not include, prewritten computer software or any other product that constitutes tangible personal property as defined in section 1101(b)(6) of the Tax Law.

Sales tax on information services (section 1105(c)(1))

Subject to certain exceptions and exclusions, section 1105(c)(1) of the Tax Law imposes sales tax on receipts from the service of furnishing information by printed, mimeographed or multigraphed matter, or by duplicating written or printed matter in any other manner. Services subject to tax under this section include the services of collecting, compiling or analyzing information of any kind or nature and furnishing reports thereof to other persons.

For further information, see [TSB-M-10\(7\)S](#), *Sales and Compensating Use Tax Treatment of Certain Information Services*, which is available on the Tax Department's Web site at www.tax.ny.gov.

Application of section 1105(c)(1) to e-books

The Tax Department is currently reviewing the application of the sales tax on information services to *e-books*. However, it is the Tax Department's current policy that, until further notice, the sale of an *e-book* does not constitute the sale of an information service subject to sales tax under section 1105(c)(1) of the Tax Law. For purposes of this policy, the *e-book* must meet all of the following conditions:

- the purchase of the product does not entitle the customer to additional goods and services and any revisions done to the *e-book* are for the limited purpose of correcting errors;
- the product is provided as a single download;

- the product is advertised or marketed as an *e-book* or a similar term;
- if the intended or customary use of the product requires that the product be updated or that a new or revised edition of the product be issued from time to time (e.g., an almanac), the updates or the new or revised editions are not issued more frequently than annually; and
- the product is not designed to work with software other than the software necessary to make the e-book legible on a reading device (e.g., *Kindle*, *Nook*, *iPad*, *iPhone* or personal computer).

The conclusion reached in this memorandum is limited to an *e-book* that meets the specific conditions as described above. Moreover, as the nature or content of *e-books* changes, those changes may affect the Tax Department's position regarding application of the sales tax with respect to this topic.

NOTE: A TSB-M is an informational statement of existing department policies or of changes to the law, regulations, or department policies. It is accurate on the date issued. Subsequent changes in the law or regulations, judicial decisions, Tax Appeals Tribunal decisions, or changes in department policies could affect the validity of the information presented in a TSB-M.