



Sales and Use Tax Division
North Carolina Department of Revenue
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**IMPORTANT NOTICE: TAXABILITY MATRIX CHANGES
REGARDING SOFTWARE SUPPORT SERVICES**

The [North Carolina State Taxability Matrix](#) was updated effective March 1, 2016. This update includes changing the taxability for “[o]ptional computer software maintenance contracts with respect to prewritten computer software that only provide support services to the software” (Reference Number 30430) to “100% Taxable.” The following comment was also added for clarification purposes for this reference number:

Effective March 1, 2016, N.C. imposes a sales tax on “repair, maintenance, and installation services.” Optional computer software maintenance contracts with respect to prewritten software that only provide support services that meet the definition of “repair, maintenance, and installation services” are fully taxable, unless the seller can demonstrate, using a reasonable method at the time of the sale, the portion of the contract that is for nontaxable or exempt products. Optional computer software maintenance contracts with respect to prewritten software that only provide support services that do not meet the definition of “repair, maintenance, and installation services” continue to be exempt from sales and use tax. See the [Directive SD-16-2, Repair, Maintenance, and Installation Services](#) for additional information.

In addition, the above language in italics was also added as a comment for the following reference items:

- Reference Number 30400 – Optional computer software maintenance contracts with respect to prewritten computer software that provide updates or upgrades and support services to the software.
- Reference Number 30410 – Optional computer software maintenance contracts with respect to prewritten software that provide updates and upgrades delivered electronically and support services to the software.
- Reference Number 30420 – Optional computer software maintenance contracts with respect to prewritten computer software that provide updates and upgrades delivered via load and leave and support services to the software.

Assistance

General questions regarding this notice should be directed to the Taxpayer Assistance and Collection Center at telephone number 1-877-252-3052 (toll-free).

To the extent that there is any change in statute or regulation, or new case law subsequent to the date of this notice, the provisions in this important notice may be superseded or voided. To the extent that any provisions in any other notice, directive, technical bulletin, or published guidance regarding sales and use tax issued prior to the date of this notice conflicts with this important notice, the provisions contained in this important notice supersede.