



STATE OF WASHINGTON
DEPARTMENT OF REVENUE

March 15, 2001

Ms. Jeanne Crisp
Washington State Library
PO Box 42460
Olympia WA 98504-2460

Dear Ms. Crisp:

Thank you for your fax of February 22, 2001, regarding the taxability of subscriptions. There has been some confusion as to whether subscription charges are subject to sales tax or use tax. In an effort to better understand your questions, I had the pleasure of meeting with you and was able to personally examine the databases.

A distinction needs to be made between amounts paid to subscribe to a particular publication (or product), such as Newsweek or Time Magazine and amounts paid to allow access to a searchable electronic database that may very well contain previously published issues of Newsweek and Time Magazine.

Subscription to a Publication (or Product)

A publication or product subscription entails the publication being delivered to the subscriber (either physically or electronically) on a periodic basis. The subscriber is the consumer and is subject to sales tax or use tax on the subscription charge for having the publication delivered to her or him.

Subscription to a Database

A subscription to a searchable electronic database, 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. The database provider is the consumer of the publications and would owe sales tax or use tax on the amount paid to obtain them (except newspapers) if located in Washington. The subscription charge to access the database is not subject to sales tax as there is no delivery to the subscriber of any whole publication.

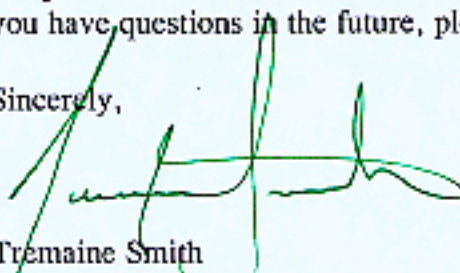
However, if the subscriber is charged an additional amount for printing portions of the database, that charge is a retail sale since the subscriber takes delivery of printed pages. Therefore, sales tax (or use tax) would apply to the additional charges for printing.



Ms. Jeanne Crisp
March 15, 2001
Page Two

I hope that the above discussion clarifies the tax application for your various subscriptions. If you have questions in the future, please do not hesitate to contact me directly.

Sincerely,



Tremaine Smith
Program Manager,
Taxpayer Services Division