

# Sales Tax on Software and Digital Products

# Michigan



Item Service	Taxability	Notes & Legal Reference
Digital Audio Visual Works (non-permanent use or with continued payment)	Non-Taxable	Digital audio visual works are not tangible personal property. Subscription-based or time-limited access is exempt. [Mich. Revenue Admin. Bull. No. 2023-10 (Department of Treas. July 31, 2023)]
Software as a Service (SaaS)	Non-Taxable	Access-only model; no local code delivery or control by user. [Michigan Revenue Administrative Bulletin No. 2023-10, 07/31/2023]
Platform as a Service (PaaS)	Non-Taxable	Hosted software with no user control over code is exempt. [Michigan Revenue Administrative Bulletin No. 2023-10, 07/31/2023]
Installation/Implementation	Taxable	Computer software downloaded in full to a user's device is considered delivered and is taxable as prewritten software. If the software is accessed remotely without being stored locally on the user's hardware, it is not considered delivered and is not taxable.  [Michigan Revenue Administrative Bulletin No. 2023-10, 07/31/2023]
Computer Hardware (sale or lease)	Taxable	Computers are considered taxable tangible personal property when sold at retail. There are certain exemptions for computers used in manufacturing. [Mich. Comp. Laws sec. 205.52]
Onsite Training	Both	Taxable if canned software; non-taxable if custom. Training is part of the sales price when sold with canned software. [Mich. Comp. Laws sec. 205.51(1)(d)]
Live Remote Training	Non-Taxable	Not taxable when connected to exempt custom software and separately stated. [Mich. Comp. Laws sec. 205.51(1)(d)]
Pre-recorded Training	Non-Taxable	Not considered a taxable digital good under Indiana law. [Ind. Ltr. of Findings No. 04-20140684, May 27, 2015]
Mandatory Maintenance Agreements	Non-Taxable	Custom software maintenance contracts can only be considered a service and are exempt from tax.  [Mich. Comp. Laws sec. 205.52]