

# Sales Tax on Software and Digital Products

## Indiana



Item Service	Taxability	Notes & Legal Reference
Digital Audio Visual Works (non-permanent use or with continued payment)	Non-Taxable	Exempt if not sold for permanent use or is conditioned upon continued payment. [Ind. Revenue Rul. No. 2011-04 ST (Sept. 2, 2011)]
Digital Audio Visual Works (permanent use)	Taxable	Taxable when customer receives rights for permanent use not tied to ongoing payment. [Ind. Revenue Rul. No. 2011-04 ST (Sept. 2, 2011)]
Software as a Service (SaaS)	Non-Taxable	Cloud-based or electronically accessed SaaS is not subject to tax. [IN Info Bulletin ST8, 01/01/2023]
Platform as a Service (PaaS)	Non-Taxable	Cloud-based or electronically accessed PaaS is not subject to tax. [IN Info Bulletin ST8, 01/01/2023]
Installation or Setup Services (separately stated)	Non-Taxable	Not subject to tax unless specifically designated as taxable. [Ind. Code § 6-2.5-1-2]
Hardware (sale or lease)	Taxable	Tangible personal property is taxable unless used for exempt manufacturing or R&D purposes. [Ind. Sales Tax Info. Bull. No. 8, Jan. 2023]
Onsite Training	Non-Taxable	Not considered taxable since Indiana only taxes designated services. [Ind. Ltr. of Findings No. 04-20140684, May 27, 2015]
Live Remote Training	Non-Taxable	Not designated as taxable service. [Ind. Ltr. of Findings No. 04-20140684, May 27, 2015]
Pre-recorded Training	Non-Taxable	Not considered a taxable digital good under Indiana law. [Ind. Ltr. of Findings No. 04-20140684, May 27, 2015]
Optional Maintenance Agreements	Non-Taxable	Generally non-taxable unless they include tangible personal property. [Ind. Sales Tax Info. Bull. No. 2, Nov. 2022]
Mandatory Maintenance Agreements	Non-Taxable (in part)	Considered part of the sale price, but services/materials provided during the agreement term are not separately taxed. [Ind. Sales Tax Info. Bull. No. 2, Nov. 2022]