



Sales and Use Tax Notice

Notice #15-13

June 2015

Video Game Digital Products

Access to Video Game Digital Products Subject to Sales and Use Tax

Beginning July 1, 2015, the 7% state sales and use tax and the applicable local sales and use tax rate applies to any charges for the permanent or temporary right to access video game digital products, whether the charge is on a per use, per user, per license, subscription or any other basis. The charges are taxable in Tennessee if the residential or primary business address of the person who accesses the video game digital product is in Tennessee.

Video Game Digital Products Defined

The Tennessee General Assembly enacted Public Chapter 514 (2015), which subjects the sale, lease, licensing, or use of video game digital products to sales and use tax in the same way that digital books, movies, and music are subject to sales and use tax. A video game digital product is the permanent or temporary right to access a video game when the possession of the video game remains with the seller or a third party. In other words, the video

game cannot be downloaded onto the user's own computer. (The sale of a video game that is downloaded onto the purchaser's computer remains a sale of computer software, and it is governed by a different sales and use tax law.)

The right to access a video game digital product may be through use of a digital code. Sales of digital codes to obtain access to video game digital products are subject to tax at the time of the sale of the digital code, and no additional tax is due when the purchaser or subscriber enters the code and accesses the video game digital product.

For More Information

Visit www.tn.gov/revenue. Click on [Revenue Help](#) to search for answers or to submit an information request to one of our agents.

References

Tenn. Code Ann. §§ 67-6-102, 67-6-233; Public Chapter 514 (2015)