

**17 NCAC 05G .1105 LICENSE OF INTANGIBLE PROPERTY WHEN SUBSTANCE OF THE TRANSACTION RESEMBLES A SALE OF GOODS OR SERVICES**

(a) When the license of intangible property resembles the sale of an electronically-delivered good or service, rather than the license of a marketing intangible or production intangible, the receipts shall be assigned by applying Rules .0904 and .0905 of this Subchapter. Transactions to be assigned under this Rule include the license of:

- (1) database access;
- (2) access to information;
- (3) digital goods; and
- (4) certain software, where the transaction is not the license of pre-written software treated as the sale of tangible personal property.

(b) Sublicenses. The provisions of Rule .0905 of this Subchapter shall apply where a taxpayer licenses intangible property to a customer that in turn sublicenses the intangible property to end users as if the transaction were a service delivered electronically through a customer to end users. Rule .0905 of this Subchapter shall apply to services delivered electronically to a customer for purposes of resale and subsequent electronic delivery in substantially identical form to end users or other recipients shall also apply with respect to licenses of intangible property for purposes of sublicense to end users. For this purpose, the intangible property sublicensed to an end user shall not fail to be substantially identical to the property that was licensed to the sublicensor where the sublicense transfers a reduced bundle of rights with respect to that property, such as when the sublicensee's rights are limited to its own use of the property and do not include the ability to grant a further sublicense, or because that property is bundled with additional services or items of property.

*History Note:* Authority G.S. 105-130.4; S.L. 2016-94;  
Eff. January 1, 2020 (See S.L. 2019-246, s. 3).