STATE OF ARIZONA
Department of Revenue

Janice K. Brewer
Governor

Gale Garriott
Director

PRIVATE TAXPAYER RULING LR09-007

December 3, 2009

The Department issues this private taxpayer ruling in response to your letter of September 28, 2007, as supplemented by your November 9, 2007 letter, requesting a ruling on behalf of your client . . . ("Company").

Statement of Facts:

The following facts are excerpted from your September 28 letter:

> [Company] is located [outside of Arizona in State A]. . . . [Company] also has a sales and marketing office in . . . [State B].
>
> [Company] provides access to information regarding airline flight schedules, pricing and seat availability. The information is stored in a data base and is retrieved through the use of proprietary software that responds to travelers' queries. Through the use of the software, travelers can identify flights that meet their specifications. [Company]'s customers are airlines and travel companies. However, for the most part, it is the customer's customers, i.e. the airline travelers, that are the actual users of the system in that they are the ones that actually receive the information that [Company] provides.
>
> The user is a potential airline traveler that has accessed an airline or travel company's website. The airline or travel company's website allows users to enter a query requesting information concerning flights to specific destinations on specific dates. When such a query is made, the user is provided access to [Company]'s server which contains the various databases and the proprietary software. The software then searches the various databases maintained by [Company] and responds with a list of flights that meet the user's specifications. The information is then provided to the user via the airline or travel company's website. [Company]'s role in the transaction is not apparent to the user. The user contacts the airline or travel agent's website, which in turn provides the user access to [Company]'s website without the customer's knowledge. Based on the information provided to the user, the user can book a flight with the airline or travel company if the user so desires.
>
> [Company] maintains continually updated databases of airline flight schedules, prices and seat availability. [Company] purchases much of this information from third party information providers. The software is typically hosted on [Company]'s servers, none of which is located in Arizona. Generally, no software is downloaded to customers in Arizona. Rather, the database and software are accessed remotely, exclusively on [Company]'s servers.
>
> [Company] licenses the access to the database and computer software to customers in Arizona. [Company] has entered into written agreements with customers that govern the use of its software accessed via the Internet. These agreements contain provisions that restrict the customer's ability to duplicate and use the software, and prohibit the customer from transferring, licensing, or sublicensing the software to a third party without the permission of [Company].

Upon execution of the license agreement, customers receive access to the database and software located on [Company]'s servers in [State A]. As mentioned, neither the database nor the software is downloaded to the customer's computer. The license agreement does not contain language that allows the licensee to maintain an archival copy of the database or software, or provides that the customer will receive replacement hard copy at little or no charge, as there is no possibility that the software could be damaged or lost in the hands of the customer. [Company]'s license agreements have limited duration, and expire when not renewed. When a customer signs an extension of the software license, continued access to the software is provided. If the software license agreement is not renewed, continued access to the software is denied (access codes are needed to use the software). The license agreement does not contain a provision requiring that the software be returned or destroyed at the end of the license term.

[Company] historically has stated separate charges on its bills to its customers for the following items:
- Software or service charges, i.e. charges for access to the software hosted on [Company]'s servers.
- Data charges, i.e. charges for the data that [Company] purchase through third parties and makes available for use by the customer on [Company]'s servers, as well as the maintenance of the data.
- Maintenance charges, i.e. charges for software maintenance and upgrades performed on the software that is hosted on [Company]'s servers.
- Hosting charges, i.e. charges for the hosting services that [Company] provides.

However, it is contemplated that [Company] may move to a billing system where customers are billed a single monthly charge for access to the database and software.

With the November 9 letter, you included a copy of a services agreement between Company and a client ("Customer") and that is representative of the usual terms of such an agreement entered by Company and its customers:

1.   **DEFINITIONS**

. . . .

(d) "Documentation" means functional specifications, user manuals, flow diagrams, file descriptions, and similar written materials relating to the operation of the [Company] Software. . . .

. . . .

(n) "Online Users" means end users (i.e. persons not in the business of providing travel services to others) who access the [Customer] Software at the Site for the purpose of viewing fares, schedules, seat availability, or purchasing air travel.

. . . .

(r) "PNR" means a passenger name record created by any User. For the purposes hereof, a PNR "created" shall be deemed to refer to all PNRs created, whether or not subsequently cancelled; *i.e.*, "gross PNRs", not "net PNRs", and shall include both Domestic PNRs and International PNRs.

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2.   SERVICES TO BE PROVIDED

(a) *Description of Services.* [Company] agrees that [Customer] is granted a nonexclusive right to access the [Company] Software, and that [Company] will operate the [Company] Software and return responses to [Customer]; such queries and responses to be in accordance with the Documentation.   Except as provided herein and in Exhibit B, [Customer] will not be obligated to pay any service, license or other fees for the rights granted hereby. [Customer] may use the responses returned by the [Company] Software to provide travel planning and related services to Online Users, and for no other purpose.

. . . .

(e) *Statements of Work.* From time to time, [Customer] may request], and [Company] may agree to perform, services relating to the [Company] Software, including but not limited to development and operations support required by Airline to develop or customize the [Company] Software to [Customer]'s requirements. The provision of such services shall be governed by statements of work agreed to by both parties . . . ("SOWs") . Unless expressly so stated in an SOW, in the case of any conflict between the terms of an SOW and the terms hereof, the terms of the SOW will govern.

(g) *Software Maintenance, Data and Operations.* [Company] shall be solely responsible for (i) operating the [Company] Software at its data center, and (ii) providing and managing data required for such operation of the [Company] Software and (iii) providing software maintenance and technical support services, all in accordance with the provisions of Exhibit B.

3.   OWNERSHIP OF [COMPANY] SOFTWARE

[Customer] acknowledges that [Company] is the sole and exclusive owner of all rights in and to the [Company] Software and that other than the rights granted hereby, no proprietary rights (including but not limited to copyrights and patents) in the [Company] Software are being transferred to [Customer].

4.   FEES AND EXPENSES

(a) *Deposit.* [Customer] shall pay [Company] $100,000 upon the execution of this Agreement. . . . Of such payment, $30,000 will be applied to the first payment of the Base Services Fee due hereunder, as and when due . . . .

(b) *Base Service Fee.* [Customer] shall pay a minimum fee for the services provided hereunder (the "Base Service Fee"), the amount of which will be determined pursuant to this Section 4(b). The Base Service Fee will be determined separately for each successive three-month period . . . of each year (each of which is referred to as a "Determination Period") . . . . [Customer] may choose the Base Service Fee in its sole discretion; provided, that the Base Service Fee in effect for any Determination Period may not be lower than that in effect for the previous Determination Period. . . . The Base Service Fee shall be credited against the Per-Query Fee (or the Per-PNR Fees, if applicable) that are payable pursuant to Section 4(c) or 4(d), respectively.

(c) *Per-Query Fee.* [Customer] will pay [Company] a fee which will be calculated based on the total number of Queries . . . performed by Users (the "Per-Query Fee"). . . .

. . . .

(d) *Per-PNR Fee.* As an alternative to the Per-Query pricing set forth in Section 4(c), [Customer] will have a one-time right (exercisable at any time prior to twelve (12) months following the Commencement Date) to elect per-PNR pricing, in which case [Customer] will pay a fee which will be calculated based on the total number of PNRs created (the "Per-PNR Fee"), rather than the number of Queries performed.

. . . .

If [Customer] elects the Per-PNR Fee, then [Customer]'s use of the [Company] Software will be subject to the following additional limitations: (1) [Customer] will be responsible for Per-Query Fees for excess queries in the event the look-to-book ratio (*i.e.*, the ratio of Queries to PNRs at the Site) exceeds 50:1 during any Agreement Month; and (2) [Customer] may only submit Queries to the [Customer] Software that directly result from queries from Users (for the avoidance of doubt, the foregoing shall be deemed to prohibit [Customer] from submitting Queries to the [Company] Software independently of User queries, and caching the results so as to be able either to respond to user Queries or proactively to furnish information to Users other than in response to User queries).

. . . .

5.   TERM AND TERMINATION

(a) *Term of Agreement.* The term of this Agreement shall commence on the date hereof, and this Agreement and the rights granted to [Customer] hereunder and shall terminate at the end of the third Agreement Year. Thereafter, [Customer] will have the right to extend this Agreement for additional two-year renewal terms, as follows: at least six months prior to the expiration of the initial term or any renewal term, [Customer] may notify [Company] of its intent to renew this Agreement. In such event, [Company] and [Customer] will work together in good faith to agree upon the pricing terms that will be applicable to the renewal term, which shall be comparable to terms which [Company] makes available to other customers similarly situated. If the parties are unable, despite good faith negotiations, to agree on the pricing terms applicable to the renewal term, then this Agreement will not renew.

. . . .

(f) *Duties on Termination.* Upon termination of this Agreement for any reason, [Customer] shall immediately cease sending queries to the [Company] Software, and all rights granted hereunder shall immediately cease and terminate. Notwithstanding the foregoing, upon termination by [Customer] pursuant to Section 5(c), if [Customer] so requests, [Company] shall provide to [Customer] at [Company]'s then-standard rates and upon [Customer]'s continued payment of the fees provided in Section 5, reasonable termination assistance, including the right to continue to send queries [to Company] Software as set forth herein, for a period of up to six (6) months following the effective date of termination.

. . . .

EXHIBIT B MAINTENANCE, DATA AND OPERATIONS SERVICES

1.   Introduction

This Exhibit covers standards for the provision of maintenance, data and data management and support, and hosting and operations by [Company] to [Customer].

[Company] has granted to [Customer] the right to access and submit queries to the [Company] Software in order to provide travel planning and related services to Users. [Company] will operate the [Company] Software at its locations . . . (collectively, the "Data Center", which shall include any other location to which [Company] may move the Data Center in the future). To support [Customer], [Company] will: (i) maintain and support the [Company] Software, pursuant to Section 2 of this Exhibit B ("Maintenance Services"), (ii) provide data and data support relating to the [Company] Software, pursuant to Section 3 of this Exhibit B ("Data Services") and (iii) host and operate the [Company] Software, pursuant to Section 4 of this Exhibit B ("Operations Services").

2.   Maintenance Services

2.1   Scope of Services

(a) The following are the Maintenance Services that will be provided by [Company]: [Company] shall:

        (i) develop and provide corrections, changes, or workarounds ("Corrections") within a reasonable period of time for any material defects, errors, or malfunctions in the [Company] Software, discovered by [Customer] or [Company];

        (ii) make available to [Customer] and its Users all improvements, modifications and enhancements (other than improvements, modifications or enhancements which are developed by [Company] specifically for its other customers which are specific to the systems or software of such other customers) to the [Company] Software which [Company] shall make or acquire from time to time and which [Company] makes available to its customers generally ("Improvements"); provided, however, that [Company] may, from time to time, offer Improvements which contain significant new or improved functionalities, in which event [Company] shall make such Improvements available to Airline and its Users only upon the payment of additional fees, or upon such other terms, as [Company] requires of its other commercial customers generally therefor. In the event [Customer] elects not to accept such Improvement as a result of the requirement of additional fees then [Company] will provide, and will continue to support, a version of the [Company] Software as used by [Customer] without such Improvement pursuant to all the provisions of this Exhibit B. In addition, in the event a new version of the [Company] Software removes a material functionality that was in a version which was being used by [Customer], [Customer] will have the right to continue to use, and [Company] will support, a version of the [Company] Software that contains such functionality; provided, however, that in such event [Customer] may not receive the benefit of other Improvements that occur subsequent to the version that [Customer] wishes to use.

. . . .

(e) All Corrections and Improvements shall be considered part of the "[Company] Software" and subject to all the terms and conditions of the Services Agreement.

2.2 Software Maintenance

[Company] shall maintain a technical support entry point . . ., identified by a dedicated phone number (in the case of emergency problems, as defined in Section 5.1(a)) and e-mail address (in the case of non-emergency problems), which will be staffed by knowledgeable employees capable of providing technical assistance regarding the [Company] Software, its functionality, databases, operations, utilities and supporting documentation. Normally, response to non-emergency problems will be by telephone or e-mail by the [Company] Account Manager (pursuant to Section 7.2) during regular working hours (9:00 a.m. to 6:00 p.m. Eastern time Monday through Friday). On-call coverage will be in effect twenty four (24) hours a day, seven (7) days a week in response to emergency problems. These technical support entry points will also coordinate problem resolution and keep [Customer] apprised of efforts to remedy any problem situation until complete restoration of the service. First line of support will be [Customer]'s Help Desk, who will contact and escalate problem to [Company] when necessary. [Company] shall provide Maintenance Services directly to [Customer] but not to Online Users.

3. Data Services

3.1 Scope of Services

(a) [Company] currently maintains the Data Center . . ., and may establish alternate or additional data centers. [Company] manages data feeds for schedule and faring data and provides such data to the [Company] Software. [Company] currently receives [various data from various third-party sources]. . . .

(b) The operation of the Data Center (including all software running in such facilities) is the sole responsibility of [Company].

(c) As part of the data management services provided hereunder, and subject to the provisions of the Services Agreement, [Company] will (i) receive and manage downloads of certain fare, schedule, availability and industry data (collectively, "Licensed Data") from [third party sources] (or in each case from such other commercially reasonable industry accepted sources as [Company] may determine in its sole discretion, referred to herein as "Data Providers"), and (ii) process such data such that it is in a form suitable for use with the [Company] Software. . . .

(d) It is a condition of [Company]'s providing data services hereunder that Licensed Data be used solely in connection with the operation of [Company] Software. Therefore, [Customer] agrees that it will not, and it will require that Online Users do not, transfer or distribute Licensed Data separately from the responses generated by the [Company] Software and that such data only be used for activities that are intended to leading to the bona fide purchase of tickets (not, for example, for purposes such [as] competitive price analysis).

3.2 Data Providers

[Company] presently has in place and will use reasonable commercial efforts to maintain legal agreements, sufficient to cover [Company]'s legal obligations to perform hereunder, with Data Providers for the provision of schedule, fare, industry and availability data for the operation of the [Company] Software. However, [Customer] acknowledges and agrees that such Data Providers are third parties which are not in [Company]'s control and which are subject to delay or failure. While [Company] agrees, as part of its obligations under this Exhibit B, to receive, load and manage such data, neither party warrants the accuracy of

such data. In addition, [Company] disclaims any and all liability resulting from or related to Data Providers' failure to provide data to [Company] in a timely fashion.

. . . .

4.   Operations Services

4.1   Data Center

[Company] will operate and maintain the Data Center and provide Operations Services on a "24/7/365" basis. Such Operations Services will include, without limitation, the acquisition, installation, maintenance, upgrading, monitoring and all aspects of the operation of all computer hardware and equipment, and all services related thereto necessary in connection with the operation of the [Company] Software and the provision by [Company] of the Data Services provided hereunder.

4.2   Hardware

Simultaneously with the execution of this Agreement, [Customer] and [Company] will determine the initial number of dedicated fare searching and availability servers that [Company] will operate in order to provide services to [Customer]. During the term of this Agreement, [Company] will advise [Customer] as to changes in the [Company] Software or available hardware which would affect [Customer]'s server requirements. From time to time, [Customer] may determine (with such assistance from [Company] as [Customer] may reasonably request) to acquire additional servers, and [Company] will acquire such number of additional servers as [Customer] may direct. [Company] will determine, in its reasonable discretion in consultation with [Customer], the other hardware and equipment (including ancillary equipment such as availability servers and query distributors, etc.) appropriate for [Company] to provide services to [Customer] using the [Company] Software at the Data Center (the "Hardware"); provided that [Customer] will have at least four production servers and at least one test server. Servers used to provide services to [Customer] shall be contained in a separate server farm. [Company] will replace Hardware when and as warranted in its reasonable judgment. The cost of replacement of servers is included in the per-server charge described in Section 6.3.1.

4.3   Operation of Software

[Company] will be responsible for all aspects of the operation of the [Company] Software and Licensed Data in order to provide services to [Customer], including the installation of Corrections and Improvements. [Company] will also monitor the [Company] Software at the Data Center. [Company] will not be responsible for [Customer]'s operation of any Site or for the operation of any software or hardware which is not located at the Data Center.

[Company] will provide by email to [Customer] . . . a histogram of server utilization, and a graph that shows the number of queries per minute throughout the day. In the event [Company] develops other reports to be provided regularly to its customers, it will provide such reports to [Customer] as well. [Company] will also make available to [Customer], upon [Customer]'s request, query logs showing [Customer]'s queries to the [Company] Software.

[Company] will allow [Customer] to perform standard queries from the [Customer]'s Data Center to [Company] servers at 5-minute intervals fort he purposes of connectivity and service monitoring which shall not count against the allotted Queries.

4.4   Communications

(a) [Company] will receive queries from [Customer] and transmit responses from the [Company] Software, from the Data Center via communications channels which may include either a virtual private network or dedicated point-to-point circuits.

(b) All hardware, software and services associated with communications between the Data Center and any facility at which [Customer] operates web sites or other distribution facilities (the "[Customer] Facilities"), including maintenance thereof, will be provided by [Customer] at its own expense.

(c) [Customer] expressly acknowledges that the flow of data to or from the Data Center will depend in large part of the performance of hardware, software and services provided or controlled by third party communications providers. [Company] disclaims any and all liability resulting from or related to [Customer]'s inability to communicate with the Data Center, to the extent such inability is the result of the failure of hardware, software or services provided by such third party.

. . . .

6.   Fees and Expenses

6.1   Maintenance Services

There is no charge for the Maintenance Services described in Section 2, except as specifically provided therein.

6.2.1   Data Services

The charge for the Data Services described in Section 3.1(c) is $7,500 per month, beginning on the date (as determined in consultation with [Customer] that the [Company] Software is installed in an operational environment which is equivalent to that in which the [Company] Software will be used commercially, and is available for testing by [Customer] (the "Initial Software Installation Date").

6.2.3   Increase in Other Data Costs

The costs to [Company] of obtaining fare, schedule and other industry data provided hereunder are included in the Service Fee payable by [Customer]. However, in the event there is a material increase in the cost to [Company] of the third party data feeds which are provided hereunder from those presently in effect, [Company] reserves the right to impose a separate fee relating to such actual increase in data cost upon 90 days' prior written notice to [Customer].

. . . .

6.3   Operations Services

6.3.1   Data Center

[Company]'s . . . faring servers are defined by Execution Units ("EU"). A single core chip such as the Intel Pentium 4 has one EU, whereas a dual core chip such as the Intel Pentium D has two EUs. Presently, [Company] uses dual core, single core servers, *i.e.*, two EUs per server,

but [Company] anticipates that it may, in the future, switch to dual-core servers, each of which will contain four EUs. [Company] will charge [Customer] a monthly charge, which will be based upon the number of EUsin fare searching and pricing servers included in the Hardware from time to time, as determined pursuant to Section 4.2. Such charge will relate to the cost of operating the [Company] Software at the Data Center in order to provide services to [Customer], and will be inclusive of all recurring acquisition, replacement, upgrading, operation and maintenance costs of the Hardware, rack space, bandwidth, co-location, facility services, performance monitoring, networking charges, telecommunications and other costs associated with operation of the Data Center. The amount of this fee will be $750 per month per EU, payable in equal monthly installments in advance beginning on the Initial Software Installation Date (as defined in Section 6.2.1) and prorated for partial months.

6.3.2 Communications Costs

All hardware, software and services associated with communications between the Data Center and [Customer] Facility, including maintenance thereof, will be the responsibility of [Customer]. In the event [Company] contracts for such hardware, software and/or services,[Customer] will reimburse [Company] for the cost thereof, provided that prior to committing to any such expense [Company] will notify [Customer] thereof and will not contract for any such expense to which [Customer] reasonably objects.

6.3.3 Other Costs

In the event that [Customer] requests that [Company]'s personnel travel outside of [Company's home area] in connection with the provision of Maintenance Services, Data Services or Operations Services pursuant to this Exhibit B, [Customer] will pay [Company], with respect to such travel, all reasonable out-of-pocket expenses thereof; provided that (1) [Company] obtains [Customer]'s prior written approval before incurring such reimbursable expenses; or (2) such expenses are incurred in accordance with [Customer]'s then-current policy regarding such reimbursable expenses (a copy of which [Customer] agrees to provide [Company] upon request). [Company] agrees to provide [Customer] with access to such original receipts, ledgers, and other records as may be reasonably appropriate for [Customer] or its accountants to verify the amount and nature of any such expenses.

Your Issues:

Your September 28 ruling request raised two issues:

1. You ask whether Company's gross proceeds of sales or gross income derived from the following charges is subject to Arizona transaction privilege or use tax:

    a. Software charges or charges for access to software hosted on Company's servers.

    b. Data and data maintenance charges that Company purchases through third parties and makes available for use by the customer on Company's servers.

    c. Software maintenance and software upgrade charges for software hosted on Company's servers.

        d. Charges for hosting services that Company provides.

    2.   You ask whether the taxability of Company's gross proceeds of sales or gross income derived from the aforementioned charges changes if Company bundles them as a single, aggregated item on bills to its customers.

Your Position:

Your September 28 ruling request does not advocate particular conclusions.

Discussion:

The tax base for the retail transaction privilege tax imposed under Arizona Revised Statutes ("A.R.S.") § 42-5061 is limited to the business of "selling" tangible personal property "at retail," those sales "for any purpose other than for resale in the regular course of business in the form of tangible personal property, *but transfer of possession, lease and rental as used in the definition of sale mean only such transactions as are found on investigation to be in lieu of sales as defined without the words lease or rental*."[1] Transfers of possession, leases, and rentals are instead subject to transaction privilege tax under the personal property rental classification found at A.R.S. § 42-5071.

The personal property rental classification is comprised of "the business of leasing or renting tangible personal property for a consideration." While there are specific retail exemptions for professional or personal service occupations or businesses and for services rendered in addition to retail sales of tangible personal property, no corollaries exist for the personal property rental classification. Arizona Administrative Code R15-5-1502(D) enunciates this principle by stating, "Gross income from the rental of tangible personal property includes charges for installation, labor, insurance, maintenance, repairs, pick-up, delivery, assembly, set-up, personal property taxes, and penalty fees even if these charges are billed as separate items, unless a specific statutory exemption, exclusion, or deduction applies."

Note that products sold, leased, or rented as part of a business's taxable activities under either the retail and personal property rental classifications are not limited to "physical goods," but rather, need only constitute *tangible personal property*. Arizona's broad definition of "tangible personal property," as stated in A.R.S. § 42-5001(16), is "personal property which may be seen, weighed, measured, felt or touched or is in any other manner perceptible to the senses."

The taxability of a vendor's gross receipts derived from any sale of tangible personal property (*i.e.*, sale at retail, lease, or rental) under the retail or personal property classification is unaffected by whether the vendor's customers allow subsequent use of that

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[1] A.R.S. § 42-5061(U)(3) (emphasis added).

property by parties other than the users licensed by the vendor. Under these circumstances, the only means by which taxability would be impacted is if: (a) vendor delivers the tangible personal property to licensees for use exclusively outside the state or (b) the vendor's customers make subsequent retail sales or leases of the property, such that the initial transactions between the vendor and its customers constitute nontaxable sales for resale.[2] No such transactions are evident in the facts that have been provided.

Ruling:

For transactions in which Company's client is located in the State of Arizona, the Department rules as follows:[3]

1. Company's gross proceeds of sales or gross income are subject to tax as follows:

    a. *Software charges or charges for access to software hosted on Company's servers*: Based on the summary of facts provided and the terms and conditions listed in the sample Service Agreement provided, Company is engaged in the business of leasing its software, the gross receipts of which are subject to tax under the personal property rental classification. Any additional gross receipts that Company derives from Company's Arizona client related to software use would also constitute gross receipts that are part of its business of leasing software and, consequently, subject to tax.
    b. *Data and data maintenance charges that Company purchases through third parties and makes available for use by the customer on Company's servers*: Company's gross receipts from the charges are subject to tax as part of its gross receipts under the personal property rental classification.
    c. *Software maintenance and software upgrade charges for software hosted on Company's servers*: Company's gross receipts from the charges are subject to tax as part of its gross receipts under the personal property rental classification.
    d. *Hosting service charges*: Company's gross receipts from the charges are subject to tax as part of its gross receipts under the personal property rental classification.
2. As all of Company's gross receipts from the various charges listed above are subject to tax under the personal property rental classification, it is immaterial whether

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[2] *See* Arizona Revised Statutes ("A.R.S.") §§ 42-5061(V)(3) (taxable activity of "selling at retail" excludes selling for resale) and 42-5071(C) (sales of tangible personal property to be leased or rented to a person engaged in a leasing or rental business are deemed sales for resale).
[3] Given that private taxpayer rulings can only be requested by taxpayers or prospective taxpayers for their own prospective tax liabilities, and that use tax is the liability of a purchaser rather than vendor like Company, this private taxpayer ruling is limited to addressing Company's liability for Arizona transaction privilege tax. *See Arizona General Tax Procedure* GTP 08-1 (Dec. 18, 2008), *available at* http://www.azdor.gov/ResearchStats/proc/GTP08-1.pdf.

Company chooses to separately state them or bundle them as a single, aggregated item on customer invoices.

This private taxpayer ruling does not extend beyond the facts presented in your correspondence of September 28 and November 9, 2007.

This response is a private taxpayer ruling and the determination herein is based solely on the facts provided in your request. The determinations are subject to change should the facts prove to be different on audit. If it is determined that undisclosed facts were substantial or material to the Department's making of an accurate determination, this taxpayer ruling shall be null and void. Further, the determination is subject to future change depending on changes in statutes, administrative rules, case law, or notification of a different Department position.

The determinations in this private taxpayer ruling are only applicable to the taxpayer requesting the ruling and may not be relied upon, cited, nor introduced into evidence in any proceeding by a taxpayer other than the taxpayer who has received the private taxpayer ruling.

Lrulings/09-007-D