

Rule 311.1 – Receipt of Services Generally.

A. Except as otherwise provided in the Streamlined Sales and Use Tax Agreement, sellers of taxable services are to source the sales of those services under the general sourcing regime of section 310A of the Agreement. Section 310A.1 provides that in cases where the service is received by the purchaser at a location of the seller, the seller is to source the service to that location under section 310A.1 of the Agreement. If the purchaser receives the service at any other location, and that location is known to the seller, the sale of the service is sourced to that location. If the location of receipt by the purchaser is unknown to the seller of the service, the seller should source the service according to the provisions of section 310A.3, 4 or 5 of the Agreement as appropriate.

B. In determining whether to apply the provisions of sections 310A.1 310A.2 to a sale of a service, it is necessary to determine the location where the service is “received” by the purchaser. Section 311B of the Agreement defines “receive” and “receipt” with regard to sales of services as, “Making first use of services.” For purposes of applying this definition, the location where the purchaser can first make use of the result of the service is the location of the “receipt” of the service. The location of the seller where a service is performed is not determinative of the location where the service is received by the purchaser.

C. The purpose of this rule, and of rules 311.2, 311.3, ***, is to clarify the application of the definition of “receive” or “receipt” to various categories of services to assist sellers of services in applying the sourcing provisions of sections 310A.1 and 310A.2 to those services. The provisions of this rule, and of rules 311.2, 311.3, ***, do not affect the obligations of a purchaser or lessee to remit tax on the use of the service to the tax jurisdiction of that use.