



**Revenue Information Bulletin
No.10-015
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Sales Taxes**

**Sales Tax Treatment of Transactions Involving Pay-per-view and On-demand
Movies Leased by Viewers from Cable Television and Satellite Television
Providers**

The purpose of this Revenue Information Bulletin is to provide guidance concerning the sales tax treatment of transactions involving pay-per-view movies and programs and on-demand television purchased for viewing by customers of cable television and satellite television providers.

Pay-per-view movies and programs are provided for viewing to customers who pay to have the broadcast decrypted for viewing. The payment is usually only a one-time payment for a single or time-limited viewing. On-demand television service gives the customer access to thousands of television shows and movies. The on-demand program selected is downloaded to a digital video recorder and is available to watch whenever the customer desires. The customer may or may not pay a fee to have access to the on-demand movie or television program. The pay-per-view service and on-demand television can only be accessed, if the viewer has a regular subscription for service with a cable television or satellite television provider. There is usually an extra fee for pay-per-view and on-demand television movies and programs over and above the regular subscription service fee charged to each customer.

Tangible personal property as defined in La. R.S. 47:301(16)(a) means and includes personal property which may be seen, weighed, measured, felt or touched or is in any other manner perceptible to the senses. The movie or program selected from pay-per-view or on-demand and viewed on the television set is perceptible to the senses. Downloaded media is considered to be an item of tangible personal property. "On-demand" audio and video downloads generally are considered to be items of tangible personal property that are subject to Louisiana sales and use tax. LAC 61:I.4301(C).

With respect to pay-per-view or on-demand movies and/or programs for which a fee is charged to view, the customer is typically not allowed to show the movie for commercial purposes and copies of the movie may not be recorded and retained upon the customer's digital video recorder (DVR) beyond the time period allowed by the service provider. The customer does not take title to the pay-per-view or on-demand movie or program but has control over the choice of paying a fee for the privilege of viewing either a pay-per-view or on-demand movie or program.

Lease or rental is defined in La. R.S. 47:301(7)(a) as the leasing or rental of tangible personal property and the possession thereof by the lessee or renter, for a consideration without transfer of the title of such property. In a lease, a lessee takes possession but not title to the item of tangible personal property. However, the lessee's possession may subject to the conditions set forth by the lessor. Typically a lessee is charged with the duty of returning the item back to the lessor in the same condition minus normal wear and tear, if this is applicable.

Louisiana Revised Statute 47:305.16 provides a sales and use tax exemption for necessary fees incurred in connection with the installation and service of cable television. This exemption applies only to funds collected from the subscriber for regular service, installation and repairs. Rentals of pay-per-view and on-demand movies and programs are not considered part of a regular subscription purchase by a cable or satellite customer. There is an extra fee for pay-per-view movies and for some on-demand movies over and above the regular subscription service fee charged to each customer.

[Revenue Ruling 10-001](#) addresses the issue of whether sales, use and/or lease tax is due on the purchase or use of products, computer software and applications, or stored media and/or other materials electronically delivered into Louisiana which are accessed from instate or out-of-state providers or vendors. This Revenue Ruling discusses transactions pertaining to the purchase of media such as movies or music compilations, to accessing programs, data or other property. [Revenue Ruling No. 10-001](#) is available on the LDR's website using the links provided.

Questions may be directed to the LDR Call Center, Sales Tax Section, at 225-219-7462, Option 3 or by email sales.inquiries@la.gov.

Cynthia Bridges
Secretary