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Gail Cole • Mar. 14, 2019



On January 1, 2019, sales of streaming service subscriptions became subject to tax in [Iowa](#), [Washington, D.C.](#), and the Canadian provinces of [Québec](#) and [Saskatchewan](#). These areas join a growing list of jurisdictions now taxing the sale of content consumed through Amazon, HBO, Hulu, Netflix, Spotify, and other streamed service providers.

Fewer North Americans tune into traditional television and cable these days, and it's harder to find an [American](#) or a [Canadian](#) who doesn't stream at least some shows or

movies. Likewise, despite the vinyl revival, there's a rising generation for whom

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sales of goods these days, but most services are still exempt in most states in the U.S. Similarly, though digital goods and services such as Software as a Service (SaaS) and streamed music and movies are making up an ever-larger portion of the market, laws often fail to address them.

Furthermore, there's usually resistance to taxing previously untaxed goods and services, even those that are new to market. Thus, in 2015, then Canadian Prime Minister Stephen Harper made a mock horror movie about how his opponent Justin Trudeau wanted Canadians to "pay more for Netflix, YouTube, and other digital streaming services" and insisted, "[We are 100% against a Netflix tax.](#)" Once elected, Prime Minister Justin Trudeau also stressed his opposition to "[imposing the sales tax on foreign digital platforms.](#)"

Some provincial governments appear to be of a different mind. In March 2018, Québec caused an uproar when it became [the first Canadian province to tax non-resident \(foreign\) providers of digital services](#) to Québec consumers (the tax took effect January 1, 2019). Yet there was little fanfare when a similar tax took effect in Saskatchewan on the same date — perhaps because no one knew it was coming.

According to [The Globe and Mail](#), "Saskatchewan's approach was far more low-key, leaving consumers to discover the change this month as they receive their Netflix bills." The government made no announcement, calling it "basically a housekeeping item in the legislation." James Parker, a spokesman for the Saskatchewan cabinet, emphasized that this isn't a new tax but rather one that "brings Netflix [an American company] in line with other streaming services that collect PST (provincial sales tax) from their Saskatchewan customers."

Down in the United States, the District of Columbia and Iowa join [Florida](#), [North Carolina](#), [Pennsylvania](#), and [Washington](#) in taxing sales of streamed content. These

sales are also subject to some local taxes, as in Chicago, Illinois, several cities in

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States, but they're being taxed in a [growing number of countries](#), including India and South Korea. And the more people rely on streaming services to satisfy their entertainment needs, the more they'll come under scrutiny for taxation.

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Gail Cole began researching and writing about sales tax for Avalara in 2012 and has been fascinated with it ever since. She has a penchant for uncovering unusual tax facts, and endeavors to make complex sales tax laws more digestible for both experts and laypeople.

Sales Tax

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