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Is your streaming company seeing a sudden surge in subscriptions? Many providers are. With consumers spending the bulk of their time at home these days, trials and signups are skyrocketing.

While it can be easy for companies to get caught up in a whirlwind of widespread adoption and increased revenue, it's also important to keep tax liabilities top of mind. Streaming taxes are evolving in real time. That means, in many jurisdictions, streaming providers are facing a whole new world of complex communications and specialized streaming taxes — a trend that will likely continue to accelerate.

Thankfully, this is one area where a little knowledge and focused preparation can go

of 2020, with 93% planning to either increase or maintain that number.

Adoption has been occurring at such a fast and furious rate that researchers started to caution against subscription fatigue. Consumers would work only so hard to find desired content, the theory went, so it stood to reason that subscription spikes could soon taper.

Then came the stay-at-home orders.

In a matter of mere weeks, overall time spent streaming went up another 36%. One-fifth of surveyed consumers subscribed to new streaming services in March, and many discovered streaming content providers that had previously remained relatively obscure.

Why is this shift establishing a new normal for the streaming industry? Because providers aren't just looking at a sudden surge in short-term subscriptions. Studies show that 80% of consumers are likely to hold on to a streaming service even after tearing through their initial binge. Whether they're first-time streaming customers or expanding existing subscription options, these customers are likely to stick around.

And then there's the fact that the number of cord-cutting consumers was already predicted to triple from 25.3 million in 2020 to 76 million in 2023 — a number that could climb even higher, or peak faster, as people abandon pay TV service in favor of stand-alone packages.

Still, the news isn't all blue skies ahead for streaming providers. As the wave of consumers moving away from traditional TV continues to rise, jurisdictions may consider restructuring tax requirements to compensate for lost revenues.

Streaming tax implications of subscription spikes

No doubt your streaming company is aware of sales and use tax liabilities. But are

video and audio services
- A 9% amusement tax in Chicago originally written for concert and sporting event tickets has been extended to apply to streaming video services
- When dozens of California cities updated their utility user tax (UUT) ordinances to require collection of tax on video services, a new ruling interpreted those services to include streaming video
- Kentucky and the District of Columbia are applying utility company taxes to certain forms of streaming services
- What many have referred to as "Netflix taxes" are now a reality in states such as Washington, Pennsylvania, and North Carolina, and have been under discussion in others
- If you have customers in the state of Iowa, you'll need to collect streaming taxes — both on the streaming itself, and on any other services bundled along with it

These rulings are just the start of what's likely to be a major transition. Many jurisdictions are still working to determine how streaming content should be taxed.

How to stay ahead of streaming tax complexities

As taxing jurisdictions start to catch up with these shifts in viewing patterns, streaming content providers will need to be prepared to meet new requirements as they emerge. Here are three essential steps you can take now to get ready — and to future-proof your business for continued growth.

1. **Keep up with tax and regulatory changes across jurisdictions.** Moving forward, it will be critical to keep up with changes in every jurisdiction where your streaming services are sold. Fast-growing companies could soon be looking at hundreds or even thousands of different taxes and regulatory filings as changes are made at federal, state, county, and local levels. Missing just one new ruling could result in costly overpayments or audits and fees.

2. **Proceed with caution when determining new tax liabilities.** Because each

Communications taxation is much more involved than sales and use tax, and getting it right requires frequent updates. Using the right automation software today can help your business ensure continued compliance no matter how often the landscape shifts and changes tomorrow.

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