



Tax Insights
from State and Local Tax
Services

Utah clarifies sales tax on streaming, subscriptions, and seller-hosted prewritten software

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In brief

What happened?

Utah enacted [Senate Bill 162](#) on March 23, 2026, expanding and clarifying the sales and use tax treatment of digital transactions beginning July 1, 2026. While Utah already taxed digital products transferred electronically and prewritten software regardless of delivery method, the new law expressly applies tax to amounts paid or charged for:

- access to digital audio-visual works, digital audio works, digital books, and gaming services, including the streaming of, or subscription for access to, that content even without a download; and
- the storage, use, or other consumption of prewritten computer software delivered electronically or by load and leave, as well as seller-hosted prewritten computer software.

The legislation also adds language to clarify that transactions already subject to tax under Utah's Multi-Channel Video or Audio Service Tax Act are exempt from the sales and use tax, according to the state's longstanding position.

Why is it relevant?

S.B. 162 expands the tax base to include digital goods that are streaming only. While subscription models that included a download or offline-use option generally were already taxable as sales of products transferred electronically, the new provisions specifically capture streaming-only access models where no transfer or download of a product to the purchaser occurs.

Additionally, the software-related provisions codify Utah's existing position that prewritten computer software is taxable regardless of delivery method and add statutory definitions to formalize the state's treatment.

This development reflects a broader trend among states seeking to modernize their sales tax bases as consumer behavior moves away from ownership of digital content toward on-demand access. With a July 1, 2026 effective date, affected businesses have a narrow window to evaluate exposure and update compliance processes.

Actions to consider

Businesses that sell, facilitate access to, or purchase streaming-only digital content should consider the following:

- Review product and service offerings to evaluate taxability of streaming digital products, including bundled transactions including streaming services.
- Review existing subscriptions to identify newly taxable transactions.
- Evaluate use tax accrual processes for purchases from out-of-state or noncollecting vendors that may now fall within the expanded taxable categories.
- Reconfirm that tax applies to all prewritten software purchases, regardless of delivery method.
- Assess whether any purchases are already subject to the multi-channel video or audio service tax and confirm that use tax is not self-assessed on those items.
- Update systems and processes as needed before the July 1, 2026 effective date.

In detail

Beginning July 1, 2026, S.B. 162 specifically imposes sales and use tax on "access to digital audio-visual works, digital audio works, digital books, or gaming services, including streaming or subscriptions of this content," to capture access-based delivery models, such as streaming-only content, where no transfer of a product to the purchaser occurs. The new provisions apply regardless of delivery method and regardless of whether the purchaser receives single-use access or subscription access that ends upon a condition.

Prior to enactment, Utah imposed sales and use tax on sales of products transferred electronically, regardless of whether the sale provided a right of permanent use of the products. Additionally, Utah provided an exemption for database access if the primary purpose was to view or retrieve information. Exclusions from this exemption included amounts paid or charged for a digital audio work, a digital audio-visual work, or a digital book. Finally, the definition of "tangible personal property" included prewritten computer software, regardless of the manner in which it was transferred.

Because prewritten computer software was already included in the tangible personal property definition regardless of delivery method, the legislation's reference "to amounts paid or charged for the storage, use, or other consumption of prewritten computer software delivered electronically or by load and leave" codifies existing law. Similarly, S.B. 162 adds a definition for "seller-hosted prewritten computer software," defined as "prewritten computer software accessed through the internet or a seller-hosted server, regardless of whether access is permanent or any downloading occurs," which is specifically subject to sales and use tax.

Under existing law, the definition of "telecommunications service" excludes multi-channel video and audio programming services. The added sales tax exemption for "amounts paid or charged for a transaction subject to the multi-channel video or audio service tax" is a clarification for access-based tax provisions to avoid duplicative tax treatment.

Observation: Although S.B. 162 imposes tax on access to gaming services, it does not define whether the term "gaming services" includes cloud-based video game services, interactive gaming subscriptions, or other gaming-related offerings. Since online games often are treated as software, many companies have been imposing tax on games for some time. Businesses with potential exposure that have not already been imposing tax should monitor administrative guidance clarifying the scope of this term.

Let's talk

For a deeper discussion of how this issue might affect your business, please contact:

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