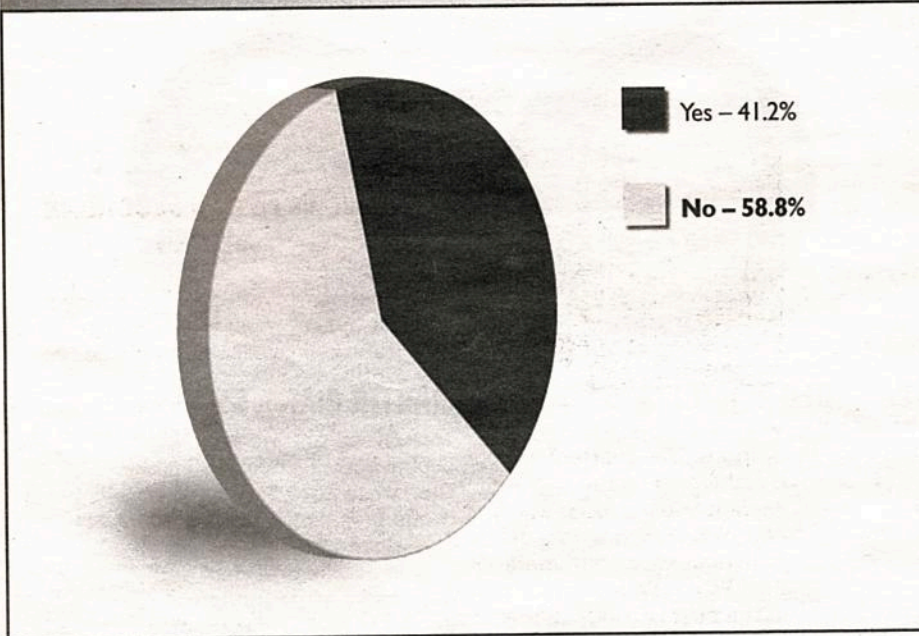


viewpoints

Q Are you aware that cloud-computing functions may be subject to sales/use tax?



Q Does your company conduct business via the cloud?

Yes – 67.6%
No – 32.4%

Q Have you requested informal or formal guidance from any jurisdiction regarding the taxability of your cloud services?

Yes – 8.8%
No – 91.2%

Q What strategies do you have in place to address taxing the cloud?

“A cloud migration requires a number of items be evaluated before a decision can be made; tax implications is just one item. Similar to working with a cloud expert or consultant to select the best cloud provider and/or process to migrate to the cloud, a tax expert should be engaged to discuss tax strategies as well.”

Nick Enger
Senior Telecom Consultant
Advanced Technology Consulting, Inc.

“Our private data center hosts our client’s data – where all applicable taxes are included in our monthly fees. Other cloud applications like Office 365 are billed directly to clients by Microsoft.”

David Owens
Director of Business Development
Full Service Networking

PERSPECTIVE

Silver linings can be found within



As service offerings by cloud computing providers increase, taxing authorities are striving to keep pace. And although many tax jurisdictions haven't fully addressed cloud-related legislation, they are setting their sights on providers to see how more revenue might be garnered.

the cloud know, the medium is not so clear-cut. We do expect tax guidance on cloud transactions to increase in the near term, but we're still a few years away from laws being codified.

Following are areas of potential tax exposure that you should know:

Nexus: In tax law, a nexus describes a situation in which a business has a presence in a state, making it subject to taxes there. For cloud providers, it can be difficult to determine nexus because offices, servers, employees and

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