California SaaS Sales Tax Changes: Frequently Asked Questions

Francis - 2026-11-03 - FAQs

Starting January 1, 2027, VSee subscriptions for customers in California will be subject to California sales and use tax. The questions below explain what is taxable, how your rate is set, and how to submit an exemption certificate.

Please note: *This page is for general information only and is not tax advice. California is still finalizing the regulations for this change, so some details may change. We will update this page as new guidance is released. For questions about your organization's tax position, please consult your own tax or legal advisor.*

What is changing in California?

California Senate Bill 122 expands sales and use tax to digital products, including Software-as-a-Service (SaaS) and other remotely accessed software, effective January 1, 2027. The California Department of Tax and Fee Administration (CDTFA) is still finalizing the regulations that apply the new law.

For more information, see CDTFA's notice on the new digital products tax.

Will VSee start charging California sales tax in 2027?

Yes. Beginning January 1, 2027, VSee will add California sales and use tax to invoices for customers located in California, unless the customer has provided a valid exemption certificate.

How does VSee determine my location?

We use the billing/service address on your VSee account. If your billing address changes, update it in your account or contact us at admin@vsee.com. The new address applies to future invoices only. We may ask for documentation to confirm the change.

Which VSee products will be taxed?

VSee subscriptions, including VSee Clinic and VSee Messenger, are expected to be taxable for customers located in California.

Will engineering, customization, and professional services be taxed?

No. Engineering, customization, and professional services fees are not subject to this tax. They will continue to be listed separately from subscription fees on your invoice.

What if my organization uses VSee outside California?

If your organization uses VSee in other states as well as California, you may qualify for an exemption for use outside California. Send your exemption documentation to admin@vsee.com for review. VSee applies tax based on the documentation you provide and does not split tax between locations on its own. CDTFA is still developing specific rules for this situation.

Is my subscription price changing?

No. Your subscription price stays the same. Sales tax will be added on top of it.

Will sales tax appear separately on my invoice?

Yes. Tax will appear as a separate line on your invoice.

What tax rate will I be charged?

California has no single tax rate. Your rate depends on your location and may include state, local, and district taxes. We use Stripe, our billing and payments provider, to calculate the correct rate for your address automatically.

My contract was signed in 2026 and runs into 2027. Will I be taxed?

Under CDTFA's proposed regulations, tax applies to subscription periods starting on or after January 1, 2027, regardless of when your contract was signed. These rules may change before they are final. For questions about your specific contract, contact us at admin@vsee.com.

My organization is exempt from sales tax. How do I update my account?

Send a copy of your valid exemption certificate, along with your account name to admin@vsee.com by December 10, 2026.

- The company name and address on the certificate must match your VSee account.
- If we don't receive a valid certificate by the deadline, your invoices will include tax by default.
- We will confirm by email once your certificate has been processed.
- We may decline certificates that are incomplete or invalid.

Who can I contact with questions?

Email us at admin@vsee.com.