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Extended service terms partner FAQ

Frequently asked questions for partners

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Summary of key changes:

Effective April 1, 2026, the free grace period for accessing services on non-renewed subscriptions will be discontinued. Customers who do not renew must either cancel at end of term and lose access immediately or enter a paid extended service term (EST) to continue service. The extended service term bills monthly at the current monthly term rate plus a 3% uplift (or 23% if no monthly plan exists). Once the subscription is in extended service term, partners on behalf of customers may cancel or convert to a standard subscription at any time and will be charged only for days used, billed monthly on a prorated basis.

***Subscription eligibility:** License-based services purchased or renewed on or after April 1, 2025, and expiring on or after April 1, 2026, with auto-renew off, will automatically transition to the extended service term upon expiration. The decision to route auto-renew-off subscriptions to EST was intentional vs not cancelling at expiration, to ensure customers don't unintentionally lose service.

Frequently asked questions:

What are the recommended actions partners should take by April 1, 2026, to be prepared for extended service term policy enforcement?

Partners should discuss the available options with customers in advance of their subscription ending to ensure customers have time to choose from the following

options: renewing their subscription, canceling it at end of term, or moving it to an extended service term.

- Subscriptions that meet all three of following conditions will automatically be transitioned into extended service term at expiration:
 - Purchased or renewed on or after April 1, 2025, *and*
 - Expires on or after April 1, 2026, *and*
 - Auto-renew is set to off
- If customers do not wish to convert their subscription into extended service term, partners should take the necessary steps to either schedule renewal or cancellation at subscription expiry.

Partners should plan and prepare for changes to existing API and UI functionalities to align with the updated subscription renewal options. Technical documentation will be updated as key features are released.

Why is this change being introduced?

The change is being introduced to improve subscription management and ensure that customers who continue to use the service after their subscription expires contribute to the cost of maintaining the service.

For subscriptions purchased/renewed on or after April 1, 2025, with an end date of the term on or after April 1, 2026, what options are available to customers and partners at the end of their subscription term?

For eligible* subscriptions there are three options available to customers and partners at the end of their subscription term:

- **Renew to a new term:** Partners on behalf of customers can renew their subscription with or without changes (term length, billing plan, seats, upgrades, etc.).
- **Cancel at end of term:** Partners can set subscriptions and services to cancel at the end of term, and they will become unavailable immediately after expiration. This cancellation option will be available on January 19, 2026, via Partner Center UI and API. Partners can cancel at the end of term up to the day before

the subscription's renewal date. Data for cancelled subscriptions will be retained for 90 days after cancellation date.

- **Move to extended service term:** Partners on behalf of customers can move to an extended service term. Services will continue and be billed monthly at the current monthly price plus a 3% uplift (or 23% if no monthly plan exists). Subscription owners can cancel or convert out of extended service term anytime and will be billed for the days used (prorated monthly bill). This option will be available via Partner Center UI and API on April 1, 2026.

Partners should have early conversations with customers to understand their renewal preferences before their subscription expires.

My subscription is in extended service term, what are my options?

If your subscription is in extended service term, you have the following options:

- **Stay in extended service term:** Partners can keep the subscription in extended service term indefinitely. Services will continue and be billed monthly at the current monthly price plus a 3% uplift (or 23% if no monthly plan exists).
- **Cancel immediately:** Partners can cancel extended service term subscriptions at any time in Partner Center via UI or API starting April 1, 2026, and receive a prorated refund credit based upon the remaining billing period.
- **Convert to a standard subscription:** Partners can choose to convert their EST subscription to a standard subscription at any time. When they do, the EST subscription will be canceled immediately, and a **prorated refund** will be issued. A **new standard subscription** will begin on the day of the conversion. During the conversion process, partners will have the flexibility to **upgrade, downgrade, adjust seat counts, or make other changes** to the new standard subscription. Partners can also schedule their extended service term to convert to a standard subscription at the end of the current extended service term. In this case, no prorated refund will be issued as the extended service term was not cancelled prior to the end of its term.

Can a subscription be modified in extended service term state?

Once a subscription enters the extended service term (EST) state, no modifications are permitted excluding cancellation. However, customers can convert from an extended service term subscription to a new standard subscription at any time. For subscriptions that go to or from EST or convert to other SKUs, the subscription IDs are retained.

When a subscription is in EST, a distributor can still update the reseller ID for the partner of record.

Which channels and products are affected by the extended service term?

The extended service term and supporting features and policies will be applied to license-based services across all channels (CSP, MCA-E, and Buy-Online), covering all markets.

Subscriptions of all terms will be impacted by extended service terms (monthly, annual, triennial).

The following scenarios will all support the extended service term changes:

- Commercial
- Public Sector in CSP
- Specialized offers
- End of sale SKUs w/conversion

The [following scenarios will not be supported](#) by EST:

- Software subscriptions
- Perpetual software
- Azure Reservations
- Third party
- Azure Savings plans
- Trials and End of sale SKUs

What is the default renewal status when I purchase a new or renewing subscription?

By default, new or renewing subscriptions are set to renew into their existing subscription terms the day after the subscription end date. Partners can update their subscription renewal options up until the day before the subscription term ends.

What happens if auto-renew is turned off when a subscription expires?

If the subscription is [eligible*](#) for extended service term and is not set to auto-renew, then the subscription will automatically transition to extended service term the day after the subscription end date.

Currently, auto-renew can be set on or off in Partner Center in the subscription renewal settings. Starting January 19, 2026, if you're managing renewal settings through Partner Center via UI or API and the subscription is [eligible*](#) to transition to extended service term, the "auto-renew off" option will be replaced with "renews to extended service term." You will also have the option to select "cancels at end of term" if you prefer to not renew or transition to extended service term.

When and where is the policy regarding extended service terms introduced?

The extended service term policy will go into effect on April 1, 2026, and is applied to any subscription purchased or renewed on or after April 1, 2025, that expires on or after April 1, 2026. This will be reflected in the [CSP Program Guide](#).

Where can I find a list of subscriptions with their renewal status? Is this report available via UX and API?

Partners can find reports showing the renewal status of their customers' subscriptions in the Insights workspace in Partner Center. For more information about the Subscriptions widget in the Insights workspace, reference this [Microsoft Learn article](#). To see the data fields available in Partner Insights reports, reference this [Microsoft Learn article](#).

Partners can use this report to identify which customers have auto-renew set to off and engage in renewal discussions accordingly.

Partner Insight data will be available in February, to [download via API](#).

Which actions will be enabled in API and UI to assist with the upcoming changes in sandbox and production?

Partners will be able to take the following actions via API and UI. Technical documentation will be updated as features release.

Functionality	Date available
Renewal status column added to Subscriptions dashboard in Partner Center Insights	Live
Partners can experience, test, manage and schedule the new end of term options (renew to a new term, cancel at end of term, renew to extended service term) for new subscriptions (purchased after November 3, 2025) in sandbox	November 3, 2025
Manage and schedule end of term options (renew to a new term, cancel at end of term, renew to extended service term) for all eligible* subscriptions in Sandbox and Production. For subscriptions expiring after April 1, 2026, partners can opt out of EST.	January 19, 2026
Partner Center insights report for subscriptions is updated to show new end of term options (renew, EST, cancel) for eligible* subscriptions	February 2026
EST SKUs available in pricelist preview	February 1, 2026
Eligible* subscriptions convert to EST at expiration if auto-renew is off or Convert to EST is selected. Subscriptions purchased or renewed after April 1, 2025, will no longer convert to grace period.	April 1, 2026

Partner Center user experiences

The subscription management page will expose three options for what happens at the end of the subscription's term. Partners will have three options:

- Renew to a new term

- Move to extended service term
- Cancel at end of term

Partner Center APIs

Similar to the user experiences, partners will have three options to choose from:

- Renew: No changes to this path for API partners. This option allows the partner to renew to a new term. Partners can schedule changes on the renew. This doesn't change.
- Move to EST: Partners will have a new property to set to explicitly select this option. Partners who do not update to explicitly select this path and instead set auto-renew to off will find these subscriptions are scheduled to convert to EST with the renewal flag set as true, enabling the conversion to the EST SKU after the end of the current term.
- Cancel at end of term: Partners will have a new property to set this option explicitly. This option does not provide service after the end of the term.

Scenarios

Can extended service term subscriptions be transferred between partners?

Yes, extended service term subscriptions can be transferred between partners the same as standard subscriptions.

If a subscription goes from extended service term to a new committed term, will there be a new subscription ID or will the original subscription ID be re-used?

For subscriptions that go to or from EST or convert to other SKUs, the subscription IDs are retained.

If partners cancel a subscription at the end of the term, how long is data retained and when is service lost?

If a partner selects "cancel at end of term," the subscription will go into a disabled state the day after expiration. In this state, the service will be lost, but the data will be retained for 90 days. This means that partners will still have 90 days from the subscription end date to recover the data for their subscriptions.

Once a subscription has been cancelled it cannot be reactivated. The customer must buy a net-new subscription to continue service.

If auto-renew is turned off and the subscription goes to extended service term, how long will my subscription stay in extended service term?

If auto-renew is turned off and the subscription goes to extended service term, it will indefinitely remain in extended service term until it is manually canceled. Once an extended service term subscription has been cancelled, it cannot convert back to the extended service term state.

If my subscription is currently in the extended service term state, can I schedule the cancellation of the subscription?

Yes, you can schedule for the EST subscription to be canceled at the end of the current term or cancel immediately.

How do I see the EST charges for my customers?

Extended service terms are distinct SKUs and will be identified in the price lists with their pricing, like any other product SKU pricing. Charges for extended service terms will show up in the recon file and invoice like any other subscription and product SKU in the line-item charge.

Will users keep service access before seats are manually reassigned during renewal?

Yes. When upgrading, old services remain active so you can reassign seats. If manual reassignment is needed, users retain access to their original seats for 30 days. For example, if you cancel 10 Microsoft 365 (M365) E3 seats and increase to 20 M365 E5 seats, the E3 seats stay active for 30 days while you move users to E5. This also applies to many-to-one transitions.

As a distributor, can I update the Partner ID on a subscription if it is extended service term?

Yes, partners can update the Partner ID on an EST subscription.