

Sales/Use/Indirect:

Ohio: Proposed Rule Reflects Law Permitting Bad Debt Deductions for Certain Private Label Credit Card Transactions

Proposed New Ohio Admin. Code 5703-9-44, Ohio Dept. of Tax. (1/30/24); *Proposed Recission of Ohio Admin. Code 5703-9-44*, Ohio Dept. of Tax. (1/30/24). The Ohio Department of Taxation proposed a new rule reflecting legislation enacted in 2022 [see H.B. 223 (2022), and *State Tax Matters*, Issue 2023-1, for more details on this law change] that expands Ohio’s sales tax “bad debt” deduction by allowing vendors to deduct bad debts on certain third-party accounts affiliated with the vendor even though the debt is charged off on the books of the third-party and not the vendor – specifically by allowing vendors to take a deduction for bad debts on “private label credit accounts” used to make purchases from the vendor or the vendor’s affiliates, even though the debt is charged off as uncollectible on the books of the owner of the credit account (*i.e.*, the “lender”) and not on the vendor’s books. Please contact us with any questions.

URL: https://www.registerofohio.state.oh.us/pdfs/5703/0/9/5703-9-44_OF_N_RU_20240130_1141.pdf

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URL: <https://www.legislature.ohio.gov/legislation/legislation-status?id=GA134-HB-223>

URL: https://dhub.deloitte.com/Newsletters/Tax/2023/STM/230106_25.html

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