

Sales/Use/Indirect:

Texas Letter Ruling Says College Testing and Assessment Services are Not Taxable Despite Data Processing Aspects

Letter No. 202404020L, Tex. Comptroller of Public Accounts (4/18/24). The Tax Policy Division of the Texas Comptroller of Public Accounts issued a letter ruling regarding the taxability of a company's computer-based in-person testing service administered through its downloadable application software – which is installed on the test-taking device prior to the testing time – and which provides an overall assessment of a student's readiness for college. The ruling concludes that such college assessment services are *not* subject to Texas sales and use tax, because they are not enumerated as taxable under applicable Texas statutes. However, the ruling notes that as the provider of a nontaxable service, the company owes sales or use tax on all taxable items, including taxable services like data processing services, used to perform the nontaxable service. Please contact us with any questions.

URL: <https://star.comptroller.texas.gov/view/202404020L?q1=202404020L>

— Chris Blackwell (Austin)
Senior Manager
Deloitte Tax LLP
cblackwell@deloitte.com

Robin Robinson (Houston)
Specialist Executive
Deloitte Tax LLP
rorobinson@deloitte.com

This communication contains general information only, and none of Deloitte Touche Tohmatsu Limited (“DTTL”), its global network of member firms or their related entities (collectively, the “Deloitte organization”) is, by means of this communication, rendering professional advice or services. Before making any decision or taking any action that may affect your finances or your business, you should consult a qualified professional adviser.

No representations, warranties or undertakings (express or implied) are given as to the accuracy or completeness of the information in this communication, and none of DTTL, its member firms, related entities, employees or agents shall be liable or responsible for any loss or damage whatsoever arising directly or indirectly in connection with any person relying on this communication. DTTL and each of its member firms, and their related entities, are legally separate and independent entities.

About Deloitte

Deloitte refers to one or more of Deloitte Touche Tohmatsu Limited (“DTTL”), its global network of member firms, and their related entities (collectively, the “Deloitte organization”). DTTL (also referred to as “Deloitte Global”) and each of its member firms and related entities are legally separate and independent entities, which cannot obligate or bind each other in respect of third parties. DTTL and each DTTL member firm and related entity is liable only for its own acts and omissions, and not those of each other. DTTL does not provide services to clients. Please see www.deloitte.com/about to learn more.

Deloitte provides industry-leading audit and assurance, tax and legal, consulting, financial advisory, and risk advisory services to nearly 90% of the Fortune Global 500® and thousands of private companies. Our professionals deliver measurable and lasting results that help reinforce public trust in capital markets, enable clients to transform and thrive, and lead the way toward a stronger economy, a more equitable society and a sustainable world. Building on its 175-plus year history, Deloitte spans more than 150 countries and territories. Learn how Deloitte's approximately 415,000 people worldwide make an impact that matters at www.deloitte.com.