

## Sales/Use/Indirect:

### Texas Letter Ruling Says Services Promoting Use of Credit Card Processor to Merchants are Not Taxable

*Letter No. 202407021L*, Tex. Comptroller of Public Accounts (7/24/24). The Tax Policy Division of the Texas Comptroller of Public Accounts issued a letter ruling involving a taxpayer that provides its clients with various technology-based services and also promotes the services of a third-party credit card processor to clients that accept credit cards as payment for goods and services, holding that the percentage-based “residual fees” the taxpayer receives from the credit card processor for each accepted merchant whose merchant’s agreement was submitted by that taxpayer are *not* subject to Texas sales and use tax because the taxpayer was not providing an enumerated taxable service under Texas law. Under the facts, the received “residual fee” is a percentage of the credit card processor’s income from fees charged to merchants after subtracting its own costs. The letter ruling explains that, under these facts, this residual fee compensates the taxpayer for promoting the credit card processor’s services and submitting executed merchant agreements to the processor, and that the performance of these activities does *not* fall under the services listed as taxable under Tex. Tax Code § 151.0101. Please contact us with any questions.

**URL:** <https://star.comptroller.texas.gov/view/202407021L?q1=202407021L>

— 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](http://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](http://www.deloitte.com).