

Sales/Use/Indirect:

Ohio Board of Tax Appeals Says Services are Not Taxable when True Object is Data Authorization

Case No. 2019-43, Ohio Bd. of Tax App. (10/10/24). In a case involving a financial services company providing certain debit authorization and disbursement authorization services that involve various steps and parties, the Ohio Board of Tax Appeals (Board) held that when the “true object” of the provided service is data authorization, the transaction is *not* taxable, rather than taxable as automatic data processing (ADP), electronic information services (EIS), or computer services under Ohio law. However, the Board explained that when parties contract regarding a bundle of services (as was the case here), to the extent that the record contains separately stated charges, the true object of each item must be considered and “not merely the true object of the contract as a whole.” Because the record in this case showed “there are several additional services that are offered alongside the data authorization service,” the Board remanded the matter to the Ohio Tax Commissioner “to first consider the taxability of each item” to determine whether it meets the definition of a taxable ADP, EIS, or computer service. Please contact us with any questions.

URL: <https://ohio-bta.modria.com/casedetails/514841>

— Brian Hickey (Cincinnati)
Managing Director
Deloitte Tax LLP
bhickey@deloitte.com

David Przybojewski (Cleveland)
Senior Manager
Deloitte Tax LLP
dprzybojewski@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.