

Gross Receipts:

Ohio Supreme Court Affirms that CAT Agency Exclusion Did Not Apply to Reimbursements from Management Fee Contracts

Case No. 2023-1540, Ohio (6/18/25). In a case involving a company providing managed services for its clients wherein it purchased food, supplies, and other items for them pursuant to certain management fee contracts, the Ohio Supreme Court (Court) affirmed [see Case No. 2019-2975, Ohio Bd. of Tax App. (11/6/23), and *State Tax Matters*, Issue 2023-45, for details on the 2023 Ohio Board of Tax Appeals ruling in this case] that the company failed to show it was acting as an agent of its clients and thus the reimbursements it received from these contracts could *not* be excluded from its Ohio commercial activity tax (CAT) receipts under the “agency exclusion.” In doing so, the Court explained that the company could not claim the CAT’s agency exclusion under the provided facts, because by keeping for itself reimbursements it received from its clients for the goods and services it purchased for those clients, the company did not hold reimbursements on behalf of or as representative of another and therefore was not acting as its clients’ agent. A dissenting opinion follows.

Please contact us with any questions.

URL: <https://www.supremecourt.ohio.gov/rod/docs/pdf/0/2025/2025-Ohio-2114.pdf>

URL: <https://ohio-bta.modria.com/download?BID=1222820>

URL: https://dhub.deloitte.com/Newsletters/Tax/2023/STM/231110_9.html

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