

Sales/Use/Indirect:

Texas: Services Offered to Satisfy Federal Prescription Drug Data Collection Reporting Obligations are Taxable Data Processing

Private Letter Ruling No. 20240514143135, Tex. Comptroller of Public Accounts (3/18/25). Responding to an inquiry submitted by a company providing various solutions to employers that sponsor employer-based health plans to satisfy annual prescription drug data collection reporting obligations pursuant to the federal Consolidated Appropriations Act of 2021, a Texas Comptroller of Public Accounts (Comptroller) private letter ruling concludes that based on the provided facts, the company's offerings constitute taxable data processing services under Texas law. Under the facts, the company's services include i) testing files received from employers within a federal portal to determine whether the information will meet federal requirements; ii) compiling and storing employer data submitted to its system; iii) converting data files to the appropriate type for submission (*i.e.*, data manipulation); and iv) extrapolating information from employers' supporting documents to generate required data files – all of which, according to the Comptroller, fall under the definition of data processing in Texas. Please contact us with any questions.

URL: <https://star.comptroller.texas.gov/view/202503018L>

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