

Indirect/Sales/Use:

Ohio Supreme Court Says Electronic Accounting Transactions are Not Exempt Accounting Services

Slip Opinion No. 2022-Ohio-725, Ohio (3/15/22). In an Ohio case involving a financial institution that claimed it was providing either nontaxable “personal or professional services” or nontaxable customized software rather than taxable “automatic data processing” (ADP) or “electronic information services” (EIS), the Ohio Supreme Court (Court) affirmed that the bank failed to show it was providing nontaxable accounting services under state law but also remanded the case back to the Ohio Board of Tax Appeals (BTA) to determine whether the “true object” of certain electronic transactions is providing customized software versus taxable data processing services. In doing so, the Court explained that under the provided facts, the computerized accounting transactions at issue did *not* involve analysis performed by individuals or include any activities requiring professional licensure and thus did *not* comprise nontaxable accounting-related services. However, the Court held that the BTA should have applied the clear directive of Ohio Rev. Code section 5739.01(B)(3)(e) and determined the true object of some transactions by examining whether specific charges related to transactions in which obtaining software customization constituted the true object of the transaction as opposed to receiving ADP and/or EIS. Please contact us with any questions.

URL: <https://www.supremecourt.ohio.gov/rod/docs/pdf/0/2022/2022-Ohio-725.pdf>

— John Hirz (Cleveland)
Senior Manager
Deloitte Tax LLP
jhirz@deloitte.com

This document contains general information only and Deloitte is not, by means of this document, rendering accounting, business, financial, investment, legal, tax, or other professional advice or services. This document is not a substitute for such professional advice or services, nor should it be used as a basis for any decision or action that may affect your business. Before making any decision or taking any action that may affect your business, you should consult a qualified professional advisor. Deloitte shall not be responsible for any loss sustained by any person who relies on this document.

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.