

## Gross Receipts:

### Ohio Board of Tax Appeals Says Certain Services Must be Sourced In-State for CAT Purposes

*Case No. 2019-848, Ohio BTA (7/24/23).* In a case involving a healthcare organization that performs various services, the Ohio Board of Tax Appeals (BTA) held that the company's receipts from certain laboratory testing services and administrative services must be situated to Ohio for state commercial activity tax (CAT) purposes because while some of the underlying costs and activities occurred outside Ohio (*e.g., at out-of-state laboratories and locations*), the benefits of such services were received by patients in Ohio. Furthermore, the BTA explained that even if it found that the laboratory testing and administrative services could be situated outside of Ohio, the company "has failed to support their proposed allocation with sufficient documentation." The BTA also commented that with respect to the siting of receipts from services for Ohio's CAT, the importance of submitting supporting documentation is identified clearly in both the relevant statute (Ohio Rev. Code section 5751.033(I)) and the relevant administrative rule (Ohio Adm. Code 5703-29-17(A)) – with both provisions recognizing that a taxpayer's method for siting services must be supported by the taxpayer's business records as they existed at the time of the performance of the service. Please contact us with any questions.

**URL:** <https://ohio-bta.modria.com/download?BID=1207120>

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