

Gross Receipts:

Ohio CAT Refunds Allowed on Receipts from Goods Ultimately Destined for Out-of-State Shipment

Case No. 2019-1233, Ohio BTA (9/13/23). In a case involving a global manufacturer of oleochemicals and personal care products that contract manufactures bar soap, antiperspirant and similar items at its out-of-state plant, the Ohio Board of Tax Appeals (BTA) held that the company successfully showed that delivery for such products to its largest customer ultimately occurred outside Ohio and thus its receipts from these transactions may be sourced outside Ohio for state commercial activity tax (CAT) purposes. Under the provided facts, the BTA noted that the company's use of an Ohio distribution center owned by a third-party only temporarily houses soaps destined for the entire Eastern United States and it would be wrong under state law to situs all those receipts to Ohio "simply because Ohio is the first stop." For most of the receipts derived from the company's largest customer, the BTA held that the taxpayer successfully showed ultimate delivery occurred outside Ohio and thus granted some of the company's underlying claimed CAT refunds. Concurring and dissenting opinions follow. Please contact us with any questions.

URL: <https://ohio-bta.modria.com/download?BID=1215045>

— Dave Adler (Columbus)
Managing Director
Deloitte Tax LLP
daadler@deloitte.com

Courtney Clark (Columbus)
Partner
Deloitte Tax LLP
courtneyclark@deloitte.com

Paige Purcell (Columbus)
Senior Manager
Deloitte Tax LLP
pfitzwater@deloitte.com

Matthew Culp (Columbus)
Senior Manager
Deloitte Tax LLP
mculp@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.