



This Week in State Tax (TWIST)

May 18, 2026



Ohio: Bank account processing subject to sales tax, says BTA

The Ohio Board of Tax Appeals (BTA) has issued its ruling in [Cincinnati Federal Savings & Loan v. Harris](#), following a remand of the case from the Ohio Supreme Court in 2022. The matter involved the taxpayer's claim for a refund of sales tax paid on certain bank account processing services it purchased. The Ohio Supreme Court had determined that the BTA, in its first review of the matter, did not apply the "true object" test correctly when evaluating whether the services the taxpayer purchased from a financial technology provider were properly characterized as taxable automatic data processing (ADP) and electronic information services (EIS), or as nontaxable personal or professional services. On remand, the BTA reviewed testimony from multiple witnesses and the underlying contracts and invoices to determine the true object of the purchase.

The BTA concluded that the true object of the contracts was to obtain daily, real-time, automated access to its account and transactional data that was processed by and stored on the provider's systems. The record showed that the provider's role was automated, there was no ongoing personal or professional review of the processed data and accounts. The BTA found that these services met statutory definitions of taxable ADP and EIS and did not amount to separately provided personal or professional services. Any software "tweaking" or parameter changes to the software were incidental to the core ADP and EIS services. Accordingly, the BTA affirmed the Tax Commissioner's decision and denied the refund claim. For further questions regarding this case or other Ohio tax matters, please contact [Dave Perry](#).

Learn about us:



[kpmg.com](https://www.kpmg.com)

INTERNAL USE ONLY

© 2026 KPMG LLP, a Delaware limited liability partnership, and its subsidiaries are part of the KPMG global organization of independent member firms affiliated with KPMG International Limited, a private English company limited by guarantee. All rights reserved. USCS039001

The KPMG name and logo are trademarks used under license by the independent member firms of the KPMG global organization.