



# TaxNewsFlash

United States

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## KPMG reports: California (bad debt deductions for sales and use tax purposes); Ohio (debit authorization services not subject to sales tax); Washington State (B&O apportionable services reconciliation)

KPMG This Week in State Tax—produced weekly by the KPMG State and Local Tax practice—focuses on recent state and local tax developments.

- **California:** The California Department of Tax and Fee Administration issued a special notice on Senate Bill 167, clarifying that bad debt deductions for sales and use tax purposes will no longer be available to lenders and affiliated entities for accounts found worthless on or after January 1, 2025. For accounts found worthless prior to that date, lenders and affiliated entities of retailers may still take a bad debt deduction and file a refund claim for up to three years from the date that the account was found worthless.
- **Ohio:** The Board of Tax Appeals ruled that debit authorization services are not subject to sales tax as automatic data processing services. The Board remanded the case to the Tax Commissioner for further analysis of other services, rejecting both the taxpayer's and the Commissioner's initial approaches.
- **Washington State:** Washington taxpayers must file an annual reconciliation of apportionable income reported on their business and occupation (B&O) tax returns by October 31, adjusting previous estimates with actual figures. Failure to comply can result in penalties up to 29% on unpaid taxes, even if the reconciliation would have shown no change.

Read an [October 2024 report](#) prepared by KPMG LLP

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