



TaxNewsFlash

United States

No. 2024-411
October 21, 2024

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

kpmg.com/socialmedia



The information contained in TaxNewsFlash is not intended to be "written advice concerning one or more Federal tax matters" subject to the requirements of section 10.37(a)(2) of Treasury Department Circular 230, as the content of this document is issued for general informational purposes only, is intended to enhance the reader's knowledge on the matters addressed therein, and is not intended to address the circumstances of any particular individual or entity. Although we endeavor to provide accurate and timely information, there can be no guarantee that such information is accurate as of the date it is received or that it will continue to be accurate in the future. No one should act on such information without appropriate professional advice after a thorough examination of the particular situation.

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

KPMG International Limited is a private English company limited by guarantee and does not provide services to clients. No member firm has any authority to obligate or bind KPMG International or any other member firm vis-à-vis third parties, nor does KPMG International have any such authority to obligate or bind any member firm.

Direct comments, including requests for subscriptions, to [Washington National Tax](#). For more information, contact KPMG's Federal Tax Legislative and Regulatory Services Group at +1 202.533.3712, 1801 K Street NW, Washington, DC 20006-1301.

To unsubscribe from TaxNewsFlash, reply to [Washington National Tax](#).

[Privacy](#) | [Legal](#)