



# TaxNewsFlash

## United States



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## KPMG reports: Florida (online learning services subject to communications services tax); Ohio (expanded sales tax deduction for bad debts); multistate (reduced sales tax rates on food)

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

- **Florida:** The state tax authority issued guidance concluding that receipts from sales of access to online learning services were subject to communications services tax (CST). The taxpayer contended that its service should be considered an exempt information service. However, the tax authority noted that the definition of information service expressly excludes any “video service,” and in its view, the taxpayer’s cloud-based platform that allowed customers to stream and download educational courses was subject to the CST as a “video service.”
- **Ohio:** Enrolled House Bill 223 expands an existing sales tax deduction for bad debts by allowing vendors to deduct bad debts on certain third-party accounts affiliated with the vendor. The deduction would be allowed even though the debt is charged off on the books of the third party and not the books of the vendor.
- **Multistate:** The rate of sales tax imposed on sales of food will be reduced on 1 January 2023 in two states. Both states have issued guidance addressing the rate reductions.
  - **Kansas:** The sales tax rate on food and food ingredients will be reduced to 4%. The sales tax rate on food will further decrease the following year and will be reduced to zero on January 1, 2025.
  - **Virginia:** Sales of food for home consumption and essential personal hygiene products made on or after January 1, 2023, will be subject to a reduced 1% rate.

Read a [December 2022 report](#) prepared by KPMG LLP

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