



Ohio Revised Code

Section 5740.07 Effect of agreement.

Effective: June 21, 2002

Legislation: Senate Bill 143 - 124th General Assembly

(A) A certified service provider is the agent of the seller with whom the certified service provider has contracted for the collection and remittance of sales and use taxes. As the seller's agent, the certified service provider is liable for sales and use taxes due each member state on all sales transactions it processes for the seller, except as provided in this section.

A seller that contracts with a certified service provider is not liable to the state for sales or use taxes due on transactions processed by the certified service provider, unless the seller misrepresented the type of tangible personal property or services it sells, or committed fraud. In the absence of probable cause to believe that the seller made a material misrepresentation or has committed fraud, the seller is not subject to audit of the transactions processed by the certified service provider. A seller is subject to audit for transactions not processed by a certified service provider. The member states acting jointly may perform a system check of the seller and review the seller's procedures to determine if the certified service provider's system is functioning properly and the extent to which the seller's transactions are being processed by the provider.

(B) A person who provides a certified automated system is responsible for the proper functioning of that system and is liable to this state for underpayments of the sales and use tax attributable to errors in the functioning of that system. A seller that uses a certified automated system remains responsible and is liable to this state for reporting and remitting sales and use taxes.

(C) A seller that has a proprietary system for determining the amount of sales or use tax due on transactions and has signed a performance agreement establishing tax performance standards for that system is liable for the failure of the system to meet the performance standards.
