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SLIP OPINION NO. 2026-OHIO-3555

CHECKFREE SERVICES CORPORATION, APPELLANT, *v.* HARRIS, TAX COMMR., APPELLEE.

[Until this opinion appears in the Ohio Official Reports advance sheets, it may be cited as *CheckFree Servs. Corp. v. Harris*, Slip Opinion No. 2026-Ohio-3555.]

Taxation—Sales-tax refunds—Automatic data processing—R.C. 5739.01(B)(3)(e)—Board of Tax Appeals' decision regarding taxability of disbursement-authorization service lacks sufficient clarity—When a taxpayer seeks a tax refund that depends on the application of a statute, the Board of Tax Appeals must give careful attention to the meaning of that statutory language—The taxability of ancillary services should be independently evaluated under the true-object test—Board of Tax Appeals' decision vacated in part and cause remanded.

(No. 2024-1569—Submitted June 9, 2026—Decided September 16, 2026.)

APPEAL from the Board of Tax Appeals, No. 2019-43.

SHANAHAN, J., authored the opinion of the court, which KENNEDY, C.J., and FISCHER, DEWINE, BRUNNER, DETERS, and HAWKINS, JJ., joined.

SHANAHAN, J.

{¶ 1} Appellant, CheckFree Services Corporation, appeals from a decision entered by the Board of Tax Appeals pertaining to CheckFree's claim for a sales-tax refund. CheckFree collected the tax from its customers in the course of providing a variety of financial-services products to these customers. The financial-services products consist of two core services—debit authorization and disbursement authorization—accompanied by a variety of ancillary services that support these core services.

{¶ 2} In its decision, the board vacated the final determination of appellee, Patricia Harris, Tax Commissioner of Ohio, that denied CheckFree's refund claim, and it remanded the case to the tax commissioner for further proceedings. CheckFree claims that this was error, arguing on appeal that (1) its disbursement-authorization service is nontaxable and (2) the ancillary services that support debit- and disbursement-authorization services are nontaxable. The taxability of the debit-authorization service is not at issue in this appeal.

{¶ 3} We conclude that the lack of clarity in the board's analysis concerning the taxability of the disbursement-authorization service frustrates meaningful judicial review. For this reason, we vacate and remand this aspect of the case to the board with instructions that the board clarify its analysis. We also direct the board on remand to determine the taxability of the ancillary services.

I. BACKGROUND

{¶ 4} CheckFree, a wholly owned subsidiary of Fiserv, Inc., provides a broad range of financial-services products to two primary classes of customers: financial institutions (e.g., banks) and merchants (e.g., service providers to whom customers pay a bill). Ninety percent of CheckFree's business is with financial institutions, the remainder with merchants. At all times relevant here, CheckFree collected sales tax on the services it provided to its customers and transmitted the taxes it collected to the State.

{¶ 5} CheckFree filed with the tax commissioner an application seeking a sales-tax refund for the period of July 2011 to June 2015. CheckFree claimed that it was entitled to a refund because the services it had provided to its customers during that period were not specifically enumerated as being subject to Ohio's sales-tax law. The tax commissioner denied CheckFree's application, determining that the refund request lacked sufficient evidence establishing entitlement to a refund. CheckFree then appealed to the board.

{¶ 6} The board's hearing featured documentary evidence and testimony from two CheckFree witnesses. Some of the exhibits show the numeric breakdown of the charges associated with each of CheckFree's services and the accompanying tax that it collected for each service, i.e., the refund amount. CheckFree's merit brief contains the following condensed version of the information reflected in those exhibits:

Debit Authorization	
Category	**Refund Amounts**
Debit Authorization (i.e., Per Transaction PIN / Signature Authorization)	$434,701
Fraud Detection and Financial Risk Management	$220,572
Card Portfolio Management Services	$99,219
ATM Solutions	$83,935
System Implementation and Periodic Maintenance / Access Fees	$63,553
Business Continuity Charges	$36,350
Customer Rewards Services (UChoose)	$18,694
Special Projects and One-Time Charges	$10,086
TOTAL	**$967,110**

Disbursement Authorization	
Category	**Refund Amounts**
Disbursement Authorization (i.e., Per Transaction Bill Payment / Account Transfer Processing Charge)	$322,320
Service Enrollment / Per User Fees	$294,739
System Implementation and Periodic Maintenance / Access Fees	$189,641
Adjustment to Monthly Minimum Fee	$60,205
Excess Bill-pay Login / Payments	$25,853
Fraud Detection and Financial Risk Management	$12,345
Customer Service Support Fees	$10,927
Bounced Payment Processing Fees	$7,345
One-time fees and special projects	$6,312
Less: Credits and Billing Adjustments	(-$2,385)
TOTAL	**$927,302**

{¶ 7} At the hearing, Marissa Bublavy, a senior tax manager with CheckFree, testified about how CheckFree calculated its refund claim, explaining that the amount at issue consisted of sales tax that CheckFree had collected from its customers in connection with furnishing the services at issue in this appeal. She explained that CheckFree obtained approval from these customers to seek refunds on their behalf and that CheckFree would have to pay to its customers any refund that it were to receive in this appeal.

{¶ 8} Mary Beth Lawson, an electronic-payment-delivery expert employed with CheckFree, testified about the mechanics of CheckFree's two core services—debit authorization and disbursement authorization—and the ancillary services that support them. According to her testimony, CheckFree's debit-authorization service enables debit-card users to withdraw money from an ATM or make purchases. When the cardholder attempts to withdraw money or make a purchase with the card, CheckFree sends a message to the holder's financial institution asking whether the holder's account contains sufficient funds. The financial institution does not tell CheckFree how much money is in the holder's account; rather, CheckFree receives the equivalent of a yes or no answer that conveys whether the holder has sufficient funds to cover the withdrawal or purchase.

{¶ 9} Lawson also provided details about the ancillary services that CheckFree provides that support its debit-authorization service and explained that the ancillary services are necessary for CheckFree to provide the debit-authorization service. The ancillary services are enumerated in the first table set forth above—beginning with the row captioned, "Fraud Detection and Financial Risk Management."

{¶ 10} Lawson also testified about CheckFree's disbursement-authorization service, explaining that it enables consumers to pay bills that they owe to service providers. She provided an example in which a consumer schedules a payment through his or her bank's website to pay a cellphone bill to a cellphone provider. After the consumer schedules the payment, CheckFree takes over and ensures that the payment will be delivered according to the specific instructions that it has received from that particular provider. CheckFree is responsible for "moving" the money, which it does through two separate transactions that occur on the date the consumer has scheduled the payment to take place: CheckFree simultaneously debits the consumer's bank account and credits the service provider's account. The credit is drawn on CheckFree's account, not the consumer's. So, Lawson explained, if the consumer lacks sufficient funds to cover the payment, the debit that CheckFree made on the consumer's account will return to and be drawn on CheckFree's account, meaning that CheckFree will incur a loss.

{¶ 11} As with CheckFree's debit-authorization service, CheckFree provides ancillary services that support its disbursement-authorization services—Lawson described the details of these ancillary services and explained that they are necessary to provide disbursement-authorization services. The ancillary services are enumerated in the second table set forth above—starting with the row captioned, "Service Enrollment / Per User Fees."

{¶ 12} The board vacated the tax commissioner's final determination and remanded the case to the commissioner for further proceedings. The board began by evaluating CheckFree's debit-authorization service. In the board's view, this service was akin to the service held nontaxable in *Marc Glassman, Inc. v. Levin*, 2008-Ohio-3819, which involved a pharmacy's purchase of a service from a third-party provider that enabled the pharmacy to determine whether a customer's prescription was covered by insurance.

{¶ 13} The board declined, however, to consider whether the ancillary services that supported debit authorization were taxable. Citing this court's decision in *Cincinnati Fed.*, 2022-Ohio-725, at ¶ 27, which spoke to the necessity of conducting a "refined analysis" regarding the taxability of specific charges, the board determined that it could not merge the ancillary services into the debit-authorization service and treat the former as nontaxable simply because it determined the latter was nontaxable. BTA No. 2019-43, 2024 WL 4507609, *5 (Oct. 10, 2024). Rather, the board determined that the taxability of each ancillary service had to be independently evaluated. *Id.* Because the final determination entered by the tax commissioner lacked such an individualized evaluation and because our decision in *Cincinnati Fed.* was released after the tax commissioner entered her final determination on CheckFree's refund claim, the board remanded the case to the tax commissioner for further analysis. *Id.* at *4.

{¶ 14} The board then turned to CheckFree's disbursement-authorization service and the ancillary services that support that service. The board's analysis of these services is terse and hard to parse. It determined that disbursement authorization "share[d] similarities with debit authorization." *Id.* at *6. Without explaining why, however, the board did not analyze disbursement authorization through the *Marc Glassman* framework as it did with debit authorization. Rather, the board determined that because disbursement authorization and its ancillary services were automated, they could not qualify as nontaxable personal or professional services, which are performed by people. *Id.* But despite this determination, the board apparently held open the possibility that these services could otherwise qualify as nontaxable because it remanded the case to the tax commissioner for further review. *Id.*

{¶ 15} This appeal followed. Because the tax commissioner does not challenge the board's determination that CheckFree's debit-authorization service is nontaxable, we do not disturb that determination.

II. ANALYSIS

A. Standard of review

{¶ 16} This court reviews a decision of the Board of Tax Appeals to determine whether it is reasonable and lawful. *See Adams v. Harris*, 2024-Ohio-4640, ¶ 23; R.C. 5717.04. "[L]egal issues are subject to de novo review but issues relating to the credibility of witnesses and the weighing of the evidence are subject to abuse-of-discretion review." (Citations omitted.) *Rover Pipeline, L.L.C. v. Harris*, 2025-Ohio-2806, ¶ 27. We "apply the same rules of construction to tax statutes that we apply to all other statutes," namely, by assigning a "fair reading [to] what the legislature has enacted." *Stingray Pressure Pumping, L.L.C. v. Harris*, 2023-Ohio-2598, ¶ 22. "The determination by the [board] whether a particular service constitutes taxable ADP or EIS is a question of 'ultimate fact'"—that is, a question of law—"that is subject to our review and redetermination on appeal." *Cincinnati Fed.*, 2022-Ohio-725, at ¶ 14. But a "determination of the 'true object' of a transaction is primarily factual, and [this court will] affirm a true-object finding when it is reasonable." *Id.*

B. Legal background

{¶ 17} Ohio law imposes a sales tax "on each retail sale made in this state." R.C. 5739.02; *see also Seaton Corp. v. Testa*, 2018-Ohio-4911, ¶ 10. Relevant here, a "sale" includes "[a]ll transactions for a consideration" in which

> [a]utomatic data processing [“ADP”] . . . or electronic information services [“EIS”] are or are to be provided for use in business when the true object of the transaction is the receipt by the consumer of [ADP] . . . or [EIS] rather than the receipt of personal or professional services to which [ADP] . . . or [EIS] are incidental or supplemental.

R.C. 5739.01(B)(3)(e). Because the parties appear to agree that EIS is not at issue, we will limit the ensuing discussion to ADP.

{¶ 18} R.C. 5739.01(B)(3)(e) establishes that the taxability of a transaction turns on its “true object.” Specifically, a “transaction is taxable only when the consumer’s true object is to obtain the work performed by computer systems—ADP or EIS—rather than to obtain personal and professional services that are coupled with the work that is performed by computer systems.” *Cincinnati Fed. S. & L. Co. v. McClain*, 2022-Ohio-725, ¶ 24.

{¶ 19} ADP “means processing of others’ data, including keypunching or similar data entry services together with verification thereof, or providing access to computer equipment for the purpose of processing data.” R.C. 5739.01(Y)(1)(a). ADP does “not include personal or professional services.” R.C. 5739.01(Y)(1)(d). Conversely, “‘personal and professional services’ means all services other than [ADP] . . . including but not limited to” the services enumerated in R.C. 5739.01(Y)(2)(a) through (l). R.C. 5739.01(Y)(2). This court has held that “R.C. 5739.01(Y)(2)’s use of the term ‘personal and professional services’ connotes services that are performed by people, which are distinct from services performed primarily by computer systems.” *Cincinnati Fed.* at ¶ 25.

C. CheckFree’s Appeal

1. First proposition of law

{¶ 20} CheckFree’s first proposition of law concerns the taxability of its disbursement-authorization service. It claims that the service is a type of nontaxable financial service. Given the board's lack of analysis regarding the taxability of CheckFree's disbursement-authorization service, we are not in a position to reach the merits of CheckFree's argument.

{¶ 21} The totality of the board's analysis on the taxability of disbursement authorization is as follows:

> [1] The disbursement authorization service shares similarities with the debit authorization. [2] For instance, multiple services are separately invoiced but included under the disbursement authorization umbrella. [3] Additionally, these services are automated and utilize CheckFree's . . . platform and information from its network of customers. [4] At the outset, we reject the contention that these automated services are personal or professional services. [5] As noted above, nontaxable personal or professional services are performed by people, and these automated services do not qualify under any service set forth in R.C. 5739.01(Y)(2). [6] Additionally, each component of the disbursement authorization service and its related services should be reviewed when they are separately invoiced.

2024 WL 4507609 at *6.

{¶ 22} We are not sure what the board decided. The first sentence says that disbursement authorization is similar to debit authorization. If this were true, then one might fairly conclude that the board determined that disbursement authorization is nontaxable, as it did with respect to debit authorization, *see id.* at *5, citing *Marc Glassman*, 2008-Ohio-3819. But that conclusion conflicts with the fourth and fifth sentences, in which the board says that the service does not qualify as a nontaxable personal or professional service. Adding to the confusion is the last sentence, wherein the board appears to say that the tax commissioner must decide the question in the first instance. The uncertainty is compounded by the board's treatment of our decision in *Marc Glassman*. Although the board expressly relied on *Marc Glassman* when analyzing debit authorization, it did not explain whether that case also informed its analysis of disbursement authorization. Although the board stated that disbursement authorization "share[d] similarities" with debit authorization, 2024 WL 4507609 at *6, it never explained whether those similarities warranted the same treatment under *Marc Glassman* or justified a different result.

{¶ 23} We are not alone in our confusion. CheckFree's view is that the board "did not reach a conclusion regarding Disbursement Authorization, instead remanding the issue for consideration by the Tax Commissioner in light of *Cincinnati Fed.*" The tax commissioner has a different view, saying that the board determined that the service does not qualify as nontaxable but remanded the case to the tax commissioner for a determination of the taxability of the ancillary services supporting disbursement authorization. In its reply brief, CheckFree challenges the tax commissioner's view, claiming that she has misinterpreted the board's decision. Seldom, if ever, have we encountered a tax appeal in which the parties are this deeply divided about how the board decided such a foundational issue in a case.

{¶ 24} Beyond all this, even if the tax commissioner is correct in saying that the board did in fact hold that disbursement authorization does not qualify as nontaxable, it remains to be seen whether the board viewed the service as taxable vis-à-vis R.C. 5739.01(B)(3)(e) and, if so, why. The board's lone paragraph of analysis is completely silent on this question.

{¶ 25} The lack of clarity in the board's decision frustrates meaningful judicial review by this court. *See, e.g.*, *McDonald v. United Air Lines, Inc.*, 745 F.2d 1081, 1091 (7th Cir. 1984) ("an appellate court requires adequate findings and an explanation to make its review meaningful"); *Gechter v. Davidson*, 116 F.3d 1454, 1458 (Fed. Cir. 1997) ("a[n] [agency] opinion must contain sufficient findings and reasoning to permit meaningful appellate scrutiny"); *H&R Block Tax Servs., L.L.C. v. Acevedo-Lopez*, 742 F.3d 1074, 1078 (8th Cir. 2014) ("particularized findings and reasons are needed for meaningful appellate review"). Because the board's decision lacks sufficient clarity, we are not in a position to reach the merits of CheckFree's first proposition of law. Instead, we must vacate the board's disbursement-authorization decision and remand the case to the board for a clearer evaluation of how R.C. 5739.01(B)(3)(e) applies to CheckFree's disbursement-authorization service.

{¶ 26} Because the matter must be remanded, we offer the following guidance to facilitate the board's analysis. First, as mentioned earlier, because the parties appear to be in agreement that EIS is not at issue, the board should limit its focus to ADP on remand. Second, as we see it, R.C. 5739.01(B)(3)(e) straightforwardly contemplates that for a service to be taxable as ADP it first must be determined whether the service qualifies as ADP under R.C. 5739.01(Y)(1)(a). If the service is not ADP, then there is no need to consider—as the board appears to have done—the degree of human involvement, if any, with the service. This understanding is borne out by our decision in *Marc Glassman*, 2008-Ohio-3819. There, the issue was whether the taxpayer had purchased taxable EIS within the meaning of R.C. 5739.01(B)(3)(e).[1] This court began (and ended) its analysis by determining whether the service constituted EIS. *Marc Glassman* at ¶ 8-10. Because this court concluded that the service did not meet the definition of EIS, *id.* at ¶ 10, we had no occasion to dwell on questions pertaining to personal and professional services. By similar logic, if a service is not ADP, then the inquiry

1. R.C. 5739.01 has been amended several times since this court decided *Marc Glassman*. But the version of R.C. 5739.01(B)(3)(e) in effect at the time of our decision is identical to the current version. *See* 2007 Sub.H.B. No. 157.

under R.C. 5739.01(B)(3)(e) is at an end. To the extent the board proceeded directly to the personal-or-professional-services inquiry without first determining whether the service constitutes ADP, that approach would be inconsistent with the analytical sequence contemplated by R.C. 5739.01(B)(3)(e). Third, the board should explain the significance, if any, of the distinction between CheckFree's data-processing functions and its disbursement functions. The record reflects that CheckFree's disbursement-authorization service involves both the transmission and organization of payment information and the movement of funds. The board's decision does not clearly explain whether it regarded those functions as part of a single service or whether that distinction affected its analysis under R.C. 5739.01(B)(3)(e). On remand, the board should clarify its reasoning.

{¶ 27} In sum, when a party seeks a tax refund that depends on the application of a statute, as here, careful attention must be paid to "the meaning of the relevant statutory language," *Aramark Corp. v. Harris*, 2025-Ohio-2114, ¶ 22. On remand, the board must give careful attention to the statutory language.

2. Second proposition of law

{¶ 28} CheckFree's second proposition of law concerns the board's decision to remand the case to the tax commissioner for an evaluation of the taxability of the ancillary services that support its debit-authorization and disbursement-authorization services. We disagree with CheckFree that the board erred in determining that the taxability of each ancillary service must be independently evaluated. And although we agree with CheckFree that the board should not have sent the case back to the tax commissioner to conduct this evaluation, we disagree with CheckFree that this court should conduct the evaluation in the first instance.

a. The taxability of the ancillary services must be independently evaluated under the true-object test

{¶ 29} CheckFree begins by contending that the board misread our decision in *Cincinnati Fed.*, 2022-Ohio-725. The board read that decision as standing for the proposition that "when parties contract regarding a bundle of services, to the extent that the record contains separately stated charges, the true object of *each item* should be considered and not merely the true object of the contract as a whole." (Emphasis in original.) 2024 WL 4507609 at *4. Continuing, the board observed that it was unclear "whether the purported ancillary services, which are separately invoiced, are taxable. Because the Final Determination was issued before . . . *Cincinnati Fed.*, we find that the matter is best remanded to the Commissioner to first consider the taxability of each item." *Id.* In CheckFree's view, our holding in *Cincinnati Fed.* does not require a granular level of analysis "when there are separately invoiced components of a single integrated service."

{¶ 30} In *Cincinnati Fed.*, the taxpayer had "advocate[d] an all-or-nothing approach," claiming that the services it had purchased all "qualif[ied] as software customization" as specified in R.C. 5739.01(Y)(2)(e). *Cincinnati Fed.* at ¶ 27. We disagreed, stating that the record "both permit[ed] and require[d] a more refined analysis: there [was] extensive evidence in [that] record regarding the charges and the services [provided to the taxpayer], and that evidence may [have] support[ed] the conclusion that some charges relate[d] primarily to the provision of ADP and EIS while others relate[d] primarily to the customization of software." *Id.*

{¶ 31} Therefore, our decision in *Cincinnati Fed.* stands for the proposition that when the record fairly supports that some separately invoiced ancillary services may have a taxable purpose and others may not, a board needs to analyze the true object of each of the separately invoiced ancillary services. In its merit brief, CheckFree expresses the concern that such an analysis is inappropriate when "such separate charges do not represent distinct and divisible services being provided by CheckFree."

{¶ 32} We are confident, however, that such concerns are adequately addressed by the true-object test established in R.C. 5739.01(B)(3)(e). To the extent that separately invoiced ancillary services have as their "true object" the same "true object" as the core service, R.C. 5739.01(B)(3)(e) dictates that those ancillary services will be accorded the same treatment. Thus, if the true object of a separately invoiced ancillary service is merely the provision of an exempt ADP or EIS service, it too will be exempt from taxation. But if the separately invoiced ancillary service has a different true object from the service it supports, then that ancillary service may be accorded different tax treatment.

{¶ 33} A rule promulgated by the tax commissioner reinforces the point. Under Adm.Code 5703-9-46(B)(4), a "transaction may include separable components such that the true object of one or more separately stated components is the receipt of [ADP] . . . and the true object of any other separately stated components is the receipt of personal and professional services."

b. The board, not this court, must perform the analysis in the first instance

{¶ 34} Although we agree with the board that the taxability of the ancillary services must be evaluated independently from the core services they support, we conclude that the board—not the tax commissioner—should be the one to make this determination. We took a similar approach in *Cincinnati Fed.*, directing the board on remand to conduct a refined analysis on a charge-by-charge basis. *Cincinnati Fed.*, 2022-Ohio-725, at ¶ 27-28, 46. We did so in view of the "extensive evidence" bearing on those charges. *Id.* at ¶ 27. The record here is similarly well-developed.

{¶ 35} Rather than have the board perform the analysis, CheckFree would have us do so in the first instance. Because the evidentiary record is fully developed, CheckFree says that it would be more efficient to have this court decide the merits. On this view, CheckFree argues, a remand to the board would only prolong a determination on the merits, wasting resources along the way.

{¶ 36} We must decline this invitation. As we have said, our task under R.C. 5717.04 is to "review" the board's decision to determine whether it is reasonable and lawful. *See Adams*, 2024-Ohio-4640, at ¶ 23. Thus, when we exercise our appellate jurisdiction over a board decision under R.C. 5717.04, we act as a "'court of review, not of first view,'" *Moody v. NetChoice, L.L.C.*, 603 U.S. 707, 726 (2024), quoting *Cutter v. Wilkinson*, 544 U.S. 709, 718, fn. 7 (2005); *see also Rover Pipeline*, 2025-Ohio-2806, at ¶ 28, quoting *EOP-BP Tower, L.L.C. v. Cuyahoga Cty. Bd. of Revision*, 2005-Ohio-3096, ¶ 17 (observing that this court is not a "'super [board] or a trier of fact de novo'"). It follows that were we to consider the taxability of the ancillary services here, we would not be reviewing anything; rather, we would be conducting the analysis in the first instance.

{¶ 37} A further problem that militates against reaching the merits of the taxability of the ancillary services here is that the briefing in this case would not allow us to "proceed very far," *Moody* at 726, because the tax commissioner's merit brief does not address the taxability of the ancillary services. As we have said, "justice is far better served when [this court] has the benefit of briefing, arguing, and lower court consideration before making a final determination." *Sizemore v. Smith*, 6 Ohio St.3d 330, 333, fn. 2 (1983).

III. CONCLUSION

{¶ 38} We do not disturb the Board of Tax Appeals' analysis of CheckFree's debit-authorization service. We otherwise must vacate the board's decision and remand the case with instructions that the board issue a new decision consistent with our opinion today. On remand, the board shall (1) clarify its analysis regarding the taxability of CheckFree's disbursement-authorization service, including whether the service constitutes ADP, whether this court's decision in *Marc Glassman*, 2008-Ohio-3819, informs that determination, whether any distinction exists between CheckFree's data-processing functions and its disbursement functions, and the statutory basis for its conclusion; (2) analyze the true object of each separately invoiced ancillary service supporting the debit-authorization and disbursement-authorization services; and (3) expedite its consideration of this matter and issue its decision forthwith, given that the refund claim concerns tax periods dating back more than a decade.

Decision vacated in part
and cause remanded.

Buckingham, Doolittle & Burroughs, L.L.C., Steven A. Dimengo, and Oliver S. Thomas, for appellant.

D. Andrew Wilson, Attorney General, and Samantha L. Cowne, Assistant Attorney General, for appellee.
