

OKLAHOMA TAX COMMISSION

TAX POLICY AND RESEARCH DIVISION
TONY MASTIN, DIRECTOR

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September 12, 2000

Re: Our File Number LR-00-019; Sales Tax on maintenance agreement that includes supplies of consumables.

Dear

This is in response to your inquiry about the maintenance agreement that is entered into between your company and its customers. The agreement includes "consumables, toner, developer, photoreceptors, and the quantity of supplies included in agreement".

The fact that under this agreement items are supplied that are unrelated to the actual repair or maintenance of the machine, but rather includes consumables that are normally the responsibility of the lessee to provide, makes this agreement, in effect a supply contract. Charges for maintenance agreements where consumables are provided are subject to sales tax unless the charges for the actual labor and repair parts portion of the agreement are separately stated. Maintenance agreements that do not include the provision that your company is to provide consumables, but only repair parts and labor would not be subject to sales tax. This response is based on the provisions of Oklahoma Tax Commission Rule 710:65-19-365(b).

This response applies only to the circumstances set out in your request of January 13, 2000. Pursuant to Commission Rule 710:1-3-73(e), this Letter Ruling may be generally relied upon **only** by the entity to whom it is issued, assuming that all pertinent facts have been accurately and completely stated, and that there has been no change in applicable law.

If I can be of further assistance, please feel free to contact me.

Sincerely,
OKLAHOMA TAX COMMISSION



Mike Pillow
Tax Policy Analyst