# OKLAHOMA TAX COMMISSION

TAX POLICY AND RESEARCH DIVISION
TONY MASTIN, DIRECTOR

PHONE (405) 521-3133
FACSIMILE (405) 522-0063


June 26, 2000

Re: Our File No. LR-00-112, (Sales Tax) Sale for resale of chemicals.

Dear

This is in response to your inquiry as to whether chemicals that are purchased for use in transporting crude oil and refined oil through a pipeline would be considered a sale for resale.

As stated in your letter your client provides transportation services as a common carrier of crude oil and refined petroleum through pipelines situated in Oklahoma wherein your client inserts chemicals such as corrosion inhibitors into the pipeline that ultimately become a component of the oil.

Based on this information, it appears that your client is not actually purchasing goods for resale purposes but is actually using the chemicals in the maintenance and upkeep of the pipeline that results in a taxable event regardless of the fact that the chemicals become a component of the oil. Therefore, the purchase of such chemicals by your client would be subject to sales tax.

If you should have any questions or need additional information you may contact me at 405-521-3133.

This response applies only to the circumstances set out in your request of June 2, 2000 and may not be relied upon by an entity other than the addressee. In the event of any change in the facts surrounding the transaction described, this letter ruling would no longer be applicable. You are further advised that subsequent statutory or administrative rule changes or judicial construction of the statutes or rules upon which this advice is based may yield a different result from that which is expressed here.

Sincerely,

Mark J. Hendrix
Tax Policy Analyst