OKLAHOMA TAX COMMISSION

TAX POLICY AND RESEARCH DIVISION
TONY MASTIN, DIRECTOR

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October 18, 2000

Re: Our file Number LR-00-154; Sales tax exemption on transfer of assets.

Dea

This is in response to your inquiry requesting confirmation that the transfer of tangible personal property from to a newly formed not for profit corporation, where there was no consideration for the transfer, is exempt from Oklahoma sales tax.

Based on the information in your letter, the transfer of tangible personal property from to is exempt from sales tax under either of two exemptions that would apply to the transfer.

The first is found at 68 OS Section 1360(A)(3), and exempts the transfer of assets "...to a corporation for the purpose of organization of such corporation where the former owners of the property transferred are immediately after the transfer in control of the corporation, and the stock or securities received by each is substantially in proportion to his interest in the property prior to the transfer". In the transfer in question, no stock or securities would be involved since the corporations are not for profit.

The other exemption that would apply would result from the fact that the sales tax code is only levied on sales of tangible personal property. Since there was no consideration for the transfer and the circumstances do not meet any of the other definitions of a sale as set out in 68 OS Section 1352(15), the transfer is not subject to sales tax.

This response applies only to the circumstances set out in your request of July 24, 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

Michael G. Pillow
Tax Policy Analyst

Cc: Taxpayer Assistance Division
TPA Ref. No.