

OKLAHOMA TAX COMMISSION

TAX POLICY AND RESEARCH DIVISION
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Re: Our file Number LR-00-173; Sales tax on purchases and sales by a telecommunications provider.

Dear

This is in response to your inquiry concerning the sales tax ramifications of both the purchases and sales your client will make in Oklahoma. I have excerpted and copied into this letter your fact situation and questions, followed by our response.

FACT SITUATION AND QUESTIONS

"The Company rents space on towers in Oklahoma where they mount transmission and receiving equipment. The equipment that is used is purchased and installed by the Company's vendors (subcontractors). The wireless internet signal is sold to internet service providers in Oklahoma, who then resell the internet access service to their customers. We would like an interpretation regarding the sales taxability of both the equipment used to access the signals (i.e. is the company subject to sales/use tax on the purchased equipment?), and the sale of the signal to the internet service provider. We would also like to know if the Company is subject to any telecommunications tax."

RESPONSE

The sale of telecommunications services is subject to the general sales tax in Oklahoma. Your client is a telecommunications provider as that term is used in the levy of the tax at 68 O.S. Section 1354(4)(a). The equipment purchased by your client from the equipment vendor would be subject to sales tax. Separately stated charges for installation of the equipment would be exempt as a purchase for resale of telecommunication services by a telecommunication provider. The sale of telecommunications services to the internet service provider would be a taxable sale to that entity. Besides the statute cited above, this response is based on Oklahoma Tax Commission Rules 710:65-19-329 and 710:65-19-330.