OKLAHOMA TAX COMMISSION

TAX POLICY AND RESEARCH DIVISION
TONY MASTIN, DIRECTOR

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September 19, 2000

Re: Our file Number LR-00-178; Taxability of Canned Software.

Dear

This is in response to your inquiry concerning the taxability of certain elements of the sale of canned software. I have reproduced your questions below, followed by our responses.

Your Questions

"If the seller mails a bound copy of a user manual that relates to the electronically transmitted canned software to the customer at no additional charge, does the transmittal of the user manual taint the taxability of the otherwise nontaxable electronically delivered software? If a user manual is transmitted to the customer electronically instead of in a tangible form, does this affect your answer?"

Our Responses

The transmittal of tangible personal property as a part of the sale of canned software means that the sale of the canned software was not sold "solely" over the internet as required by Oklahoma Tax Commission Rule 710:65-19-156 as it must be in order for the sale to be exempt from sales or use tax. If the user manual, which the customer receives when the software is purchased as a part of the sale, is transmitted via the internet, the sale is conducted "solely" over the internet and no sales or use tax would be applicable.

This response applies only to the circumstances set out in your request of September 1, 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