OKLAHOMA TAX COMMISSION

TAX POLICY AND RESEARCH DIVISION
TONY MASTIN, DIRECTOR

PHONE (405) 521-3133
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October 25, 2000

Re: Our File Number LR-00-193; Taxability of Computers and FCC licensing to use software on the computer

Dear

This is in response to your inquiry wherein you asked if the separately stated charge for the FCC license that is purchased by your client on behalf of its customers is subject to (a) sales tax, (b) gross receipts tax, (c) or privilege tax? You provided the following facts:

1. Your client sells tangible personal property (computers) that is used to transmit information regarding inventory counts.

2. Your client must purchase a FCC license for each computer.

3. Your client bills its customer for the computer, license, installation, etc in which the license is separately stated on the final consumer's invoice.

4. The charge for the FCC license is a pass-through expense.

5. Your client purchases the FCC license on behalf of the of the ultimate consumer who must have the FCC license in order to use software on the computer

6. The FCC license is in the name of the ultimate consumer.

Additionally, you relayed in our recent telephone conversation that the FCC license is not a part of the stated condition in your client's contractual agreement for the sale of computers to the ultimate consumer. You also stated that the FCC license is not an imposition upon the seller of such computers that are used to transmit information

regarding inventory counts. Your client is only providing a service, apart from the sale of the computers, for its customer in obtaining the FCC License and that the original application for the FCC license is submitted in the name of the ultimate consumer.

The FCC license is not subject to tax based on the above information and Tax Commission Rules 710:65-7-7 and 65-19-102, and provided the FCC licensing fees are not included in the purchase price of the computer and are separately stated on the final consumer's invoice.

Copies of the rules referenced above are enclosed. If I can be of further assistance, please feel free to contact me.

This response applies only to the circumstances set out in your request of August 31, 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,

Brenda J. Sullivan
Tax Policy Analyst

Enclosure