OKLAHOMA TAX COMMISSION

TAX POLICY AND RESEARCH DIVISION
TONY MASTIN, DIRECTOR

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November 16, 2000

Re: Our file Number LR-00-232; Sales Tax Responsibilities of a Mail Order Retailer.

Dear

This is in response to your inquiry concerning the sales tax responsibilities of a mail order retailer. I have set out your questions below and each is followed by our response:

A. Assuming that the retailer has agency nexus with your state, does your state impose a tax on catalogs sent into the state via common carrier or U.S. mail from outside the state'?

Response: Yes. Please refer to Oklahoma Tax Commission Rules 710:65-21-3 and 710:65-1-8.

B. Assuming the retailer does not have nexus with your state, but the third-party printer of the catalogs does have nexus in your state, does your state impose a tax on catalogs sent by the printer into the state from outside of the state to customers of the retailer which reside in your state'?

Response: No. Please refer to Oklahoma Tax Commission Rule 710:65-15-1(c)

C. Same as above except the printer sends the catalogs to customers in your state from within the state.

Response: Yes. Please refer to Oklahoma Tax Commission Rule 710:65-15-1(c)

D. If the catalogs are subject to tax, explain what costs are included in the tax base.

- For example, the printer has a variety of charges, including, ink, paper, typesetting. printing, and mailing. Would the tax only apply to the tangible personal property (ink and paper), or would it also apply to any of the other charges imposed by the printer'?

Response: All charges listed would be included in the taxable gross receipts which are subject to either sales or use tax as the case may be. Please refer to Oklahoma Tax Commission Rule 710:65-19-265.

- In addition, there may be other costs incurred by the retailer such as photography, design. freight, and postage, some of which are paid to different third-parties. some of which are internal costs, but none of which are for purchases of tangible personal property. Which, if any, of these costs would be subject to tax'?

Response: All charges listed would be included in the taxable gross receipts, with the exception of separately stated charges for freight and postage. Please see the rule mentioned immediately above and also rule 710:65-19-70.

This response applies only to the circumstances set out in your request of October 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
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