OKLAHOMA TAX COMMISSION

TAX POLICY AND RESEARCH DIVISION
TONY MASTIN, DIRECTOR

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January 9, 2000

Re: Our file Number LR-00-251; Sales tax responsibilities of lessor on leases of grain bins

Dear

This is in response to your inquiry in which you set out an overview of the way your company does business and then asked four questions. I have set out your questions below, followed by our responses:

1. Are the above grain bins taxable?

Response: Sales, including leases, of grain storage or drying bins, to farmers for use in their farming operations are exempt from sales tax. As a vendor, the lessor of grain bins may purchase the component parts of the bins exempt from tax as a purchase for resale. Please refer to Oklahoma Tax Commission Rules 710:65-13-15 and 710:65-13-200. Copies are enclosed.

2. How should treat the above bins, as personal property or as real property?.

Response: Since bot , the lessor, and the lessee appear to agree that the property is being leased, it would appear that both have agreed that the property retains its identification as tangible personal property, and it should therefore be treated as such.

3. If grain bins were treated as personal property, would they fall under agricultural equipment and machinery?

Response: Yes.

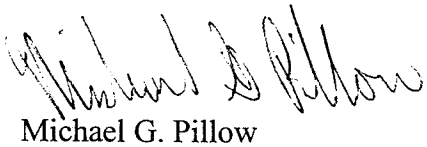
4. If exemption is granted by the state, is there any type of exemption certificate that must have to substantiate the exempt sale in an audit situation? If no exemption is required, what type of documentation should be retained, if any?

Response: Please see the enclosed copies of Oklahoma Tax Commission Rules 710:65-13-18 and 710:65-7-6.

This response applies only to the circumstances set out in your request of September 20, 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



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