

OKLAHOMA TAX COMMISSION

TAX POLICY AND RESEARCH DIVISION
TONY MASTIN, DIRECTOR

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March 5, 2001

Re: Our file Number LR-01-04; Sales tax implications of powder coating.

Dear]

This is in response to your inquiry concerning the sales tax implications of your business operations. Based on the information you have provided in your letter, you may be engaged in manufacturing. As such, your operations would not be considered a service, rather they might be considered a manufacturing operation and the sales you make deemed to be sales of coatings that you apply to products.

The operations of manufacturers are reviewed by our audit division before they are recognized by the issuance of a sales/manufacturing exemption permit. If you are a manufacturer, both the coating ingredients and the machinery used to apply them would be exempt when you purchase them. You would be responsible for charging sales tax to taxable consumers when you bill them for the coating. Other manufacturers would be exempt.

I have sent a copy of your letter and this response to Darwin Crider who coordinates the recognition of manufacturers for our Audit Division. He will be in touch with you.

This response applies only to the circumstances set out in your request of January 16, 2001. 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

Cc: Darwin Crider