

OKLAHOMA TAX COMMISSION

TAX POLICY AND RESEARCH DIVISION
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April 18, 2001

Re: Our file Number LR-01-017; Sales taxability of various purchases by your franchisees.

Dear

This is in response to your inquiry concerning the sales/use taxability of sales of equipment and supplies to your franchisees. I have scanned your list of items sold into this letter and have indicated the taxability of each.

Equipment and Supplying and Description of Usage

Item	Description	Taxability/Reference
Signage	Outdoor sign installed in front of restaurant.	Tax
Restaurant Advertisement	Includes floor mats, window decals, display units and posters.	Tax
Disposable Items Provided with Meals	Given to customer for single use and then are disposed of. Includes bibs, napkins, straws, cups and tray liners (place mats).	Exempt
Holding Cabinets	Includes a bib dispenser, napkin	Tax

	and straw dispensers, trays and a comment card box.	
Uniforms	Clothing worn by employees of a restaurant, such as shirts, pants, aprons, hats, and shoes.	Tax
Cake Processing	Items used to make frozen cakes. These products include cake pans, mixers, airbrushes for decorating cakes, plastic-decorating items (multiple use).	Tax
Cake Decorations	Cake decorations that are used once such as edible images and plastic decorations.	Exempt
Soft Serve Freezer	Changes dairy products to soft serve ice cream and dispenses it.	Tax
Freezer	Changes ' syrup from liquid to semi-solid state and dispenses.	Tax
Machine	Blends soft serve ice cream and candies.	Tax
Dispensers	Dispenses candies for use in products.	Tax
Crusher	Crushes candies to usable form	Tax
Mix Pump	This machine is used to take liquid dairy mix, add air and then pump the product through a mix	Tax

	hose from a walk-in cooler to the soft serve freezer.	
Freezer Accessories	These items are used to keep the freezers running. Such items include a water line kit, refrigeration kit, fluid coolers, and a cone cup dispenser.	Tax
Ice Machine	Freezes water from solid to liquid to create ice for soft drinks.	Tax
Fryers	Heats fat to high temperature/used to prepare french fries, chicken and fish.	Tax
Bun Toaster	Heated plate that caramelizes the surface of a bread product.	Tax

Item	Description	Taxability/Reference
Chain Broilers	Gas-Generated heating unit used to prepare meat product.	Tax
Shelving Units	Used to store products and supplies prior to use.	Tax
Griddle	Heated plate which increases temperature of food products	Tax
Food Preparation Stand	Stainless steel work and storage area with heated units used to process food orders	Tax
Food Steamers	Forced water heater unit used to cook hot dogs.	Tax
Food Warmer	Heating used to maintain food temperature at 140°.	Tax
Walk-in Cooler/Freezer	Main storage areas which are refrigerated for maintaining	Tax

	temperature of food products.	
Drive Thru Communication System	Equipment used in a drive thru business to communicate an order between the customer and employee.	Tax
Seating	Indoor and Outdoor tables and chairs.	Tax
Boosting Oven	Reheat a product, like a microwave oven.	Tax
Product Thermometer	Measures the temperature of soft serve dispensed from the soft serve freezer.	Tax
Holding Cabinet/Food Pass Thru Systems	Heated area used to dispense prepared food product-maintains temperature of food product.	Tax
Trash Receptacles	Laminated receptacle for holding waste products.	Tax
Serving Counter	Laminated work and storage area designed to be used for support of cash registers.	Tax
Flash Freezer	Unit has -40°F capabilities used to process cakes and ,logs.	Tax
Menu Boards	Plastic signs used to convey items available for sale at store.	Tax
Smallwares Packages	Miscellaneous items needed in operation of ' store-includes squeeze bottles, stainless steel ladles, spatula,	Tax

	funnels, etc.	
Changing Station	Used to aid the changing of infant's diapers.	Tax
Condiments Bar	Laminated storage unit with compartments for dispensing toppings for burgers/sandwiches.	Tax
Display Freezer	Display unit for cakes and other royalty items.	Tax
Kid's Meal Premiums	Toys include with kid's meals.	Exempt

The rule dealing with the exempt items is Oklahoma Tax Commission Rule 710:65-19-265. If not specifically exempted, all items are subject to tax when sold. A copy is enclosed.

This response applies only to the circumstances set out in your request of February 12, 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



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