

# OKLAHOMA TAX COMMISSION

TAX POLICY AND RESEARCH DIVISION  
TONY MASTIN, DIRECTOR

PHONE (405) 521-3133  
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April 23, 2001

Re: Our file Number LR -01-041; Taxability of charges for shipping and handling.

Dear

Please let this letter serve as written confirmation of your understanding of the sales/use tax treatment of shipping and handling charges. Since November 1, 1998, after a statutory change in the Use Tax Code was effective, the cost of transportation, i.e. shipping and handling charges, from a point outside Oklahoma to a point inside this State has not been subject to use tax. This exemption applies to all sales, taxable and non taxable.

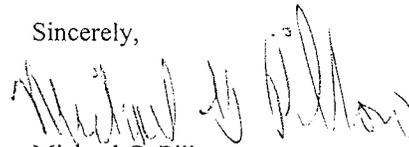
However, handling charges associated with the sale of tangible personal property, if they represent an element of cost to a seller, should be included in gross receipts or "gross proceeds", the total amount of consideration for the sale of any tangible personal property or service. See Title 68 Section 1352(7).

Therefore, if the "shipping and handling" charge is a charge that results from shipping merchandise to your customer it is not subject to sales or use tax, if it is separately stated on your company's sales invoices as described in your letter

Oklahoma Tax Commission Rule 710:65-11-1 deals with the procedure for obtaining a credit. A copy is enclosed. To expedite the process, you may wish to contact the supervisor of the section that handles them. His name is Greg Stipe and his telephone number is (405) 521-3270.

This response applies only to the circumstances set out in your request of April 6, 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,



Michael G. Pillow  
Tax Policy Analyst

Enclosure

cc: Greg Stipe