

# OKLAHOMA TAX COMMISSION

TAX POLICY AND RESEARCH DIVISION  
TONY MASTIN, DIRECTOR

PHONE (405) 521-3133  
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June 14, 2001

Re: Our file Number LR- 01-71; Taxability of rental equipment for tax exempt projects

Dear

Please be advised that Oklahoma Tax Commission rules 710:65-19-55 and 710:65-19-56 deal with the limited exceptions which allow contractors to make exempt purchases from sales tax based on the sales tax exemption of those entities that are exempt from sales tax. The documentation that should be obtained to allow a vendor to be relieved of sales tax on purchases by a contractor who is making the purchases pursuant to a contract with the limited types of entities allowed exemption by statute is set out in Oklahoma Tax Commission Rule 710:65-7-6. Copies of these rules are enclosed.

Since the statutory definition of a sale includes the exchange, barter, lease, or rental of tangible personal property, the rental of equipment or tools that are necessary in carrying out a construction project for an exempt entity would be exempt from sales tax.

If you should have any questions or need additional information you may contact me at the number listed above.

This response applies only to the circumstances set out in your request of May 21, 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,

Brenda J. Sullivan  
Tax Policy Analyst

Enclosures

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IT IS OUR MISSION TO SERVE THE PEOPLE OF OKLAHOMA BY PROMOTING TAX COMPLIANCE THROUGH QUALITY SERVICE AND FAIR ADMINISTRATION