

OKLAHOMA TAX COMMISSION

TAX POLICY AND RESEARCH DIVISION
TONY MASTIN, DIRECTOR

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August 6, 2001

Re: Our file Number LR-01-105; Sales Tax on the sale of internet services.

Dear

This is in response to your inquiry concerning the sales taxability of the three services provided by your client and whether certain telecommunications services purchased by your client for use in its business would be subject to sales tax in Oklahoma.

I have scanned into this letter the section of your letter which set out your four questions and each is followed by our response:

1) is provision of Internet access service bundled with high-speed satellite downloading, as described above, to Oklahoma customers subject to Oklahoma sales tax,

Response: No. For this and the next two questions, please refer to Oklahoma Tax Commission Rule 710:65-19-156.

2) is provision of stand-alone high-speed satellite Internet downloading service, as described above, to Oklahoma customers subject to Oklahoma tax,

Response: No.

3) is provision of satellite-only Internet access service, as described above, to Oklahoma customers subject to Oklahoma sales tax, and

Response: No.

4) is _____ purchase of telecommunications services, from a non-Oklahoma provider and sourced to _____ but used in providing services to Oklahoma customers, subject to Oklahoma use tax?

Response: No. Even if the purchase of the telecommunications services were purchases made in Oklahoma, which according to the fact scenario they would not be, they would still not be subject to sales tax because the purchase of interstate private line service is not subject to sales tax in Oklahoma. Please refer to Oklahoma Tax Commission Rule 710:65-19-330.

This response applies only to the circumstances set out in your request of July 18, 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