

# OKLAHOMA TAX COMMISSION

TAX POLICY AND RESEARCH DIVISION  
TONY MASTIN, DIRECTOR

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August 23, 2001

Re: Our File Number LR – 01-120; Tax status of cylinder use for persons engaged in farming, ranching or agricultural production.

Dear

Please be advised that Oklahoma Tax Commission Rule OAC 710:65-13-15 “**Agricultural production**” defined; taxable and exempt transactions has been amended to include an exemption for the lease or rental of cylinders if used directly in agricultural production by persons engaged in farming, ranching or agricultural production. See subsection (k)(6) of the above rule, a copy of which is enclosed. The sales tax exemptions under Oklahoma Law are authorized to farmers and ranchers only on purchases of items used directly in agricultural production. The Oklahoma vendor is required to obtain sufficient documentation from the farmer or rancher claiming exemption. Please note that Oklahoma Tax Commission Rule OAC 710:65-7-6 “Vendor’s relief from liability and duty to collect sales tax” which contains the requirements to establish “properly completed documentation certified by the Commission”. Also, note Commission Rule 710:65-7-11 Vendors’ responsibility – sales for agricultural purposes. Copies are enclosed.

Therefore, you may lease cylinders exempt from sales tax for use in your farming/ranching operations with the proper documentation, i.e. agricultural exemption permit.

If I can be of further assistance, please feel free to contact me.

This response applies only to the circumstances set out in your request of August 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

Brenda J. Sullivan  
Tax Policy Analyst

Enclosure

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