

# OKLAHOMA TAX COMMISSION

TAX POLICY AND RESEARCH DIVISION  
TONY MASTIN, DIRECTOR

PHONE (405) 521-3133  
FACSIMILE (405) 522-0063

September 14, 2001

Re: Our file Number LR-01-139; Sales Tax on the sale of Audio CD's or tapes.

Dear

This is in response to your inquiry concerning the sales tax due on the sale of Audio CD's and tapes.

In the fact situation you have presented, you state that the recording facilities are operated only by an employee of your client. The charge for the recording session is figured at the rate of \_\_\_\_\_ an hour. An audio CD or a tape is given to the customer at the end of the session.

The questions you ask and our responses are:

1. What part, if any of the amount charged would be subject to sales tax?

**Response: The entire charge would be subject to sales tax.**

2. Would it matter if the CD or Tape was invoiced separately, instead of included as a "de minimis" benefit?

**Response: The entire transaction is subject to sales tax, regardless of the method of invoicing.**

3. Would the treatment change if the customer supplied his own audio CD or tape?

**Response: Since your client would not be selling a CD or tape, the charge would not be subject to sales tax.**

This response applies only to the circumstances set out in your request of September 7, 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*

A handwritten signature in black ink, appearing to read "Michael G. Pillow". The signature is written in a cursive style with a large, stylized initial "M".

Michael G. Pillow  
Tax Policy Analyst