

OKLAHOMA TAX COMMISSION

TAX POLICY AND RESEARCH DIVISION
TONY MASTIN, DIRECTOR

PHONE (405) 521-3133
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September 18, 2001

Re: Our file Number LR-01-147; Sales tax on the sale, installation and repair of signs.

Dear

This is in response to your inquiry concerning the subject referenced above. I have set out your questions below. Each is followed by our response.

- 1) What is taxable to our customer? Are charges for installation, removals, freight, and city permits taxable?

Response: Since July 1, 1997, services related to the sale of signs have not been subject to sales tax in Oklahoma. Therefore, only the charge, separately stated from the services about which you inquire, for the sign itself is subject to sales tax. Separately stated charges for installation, removals, freight, and city permits are not subject to sales tax. Please refer to Oklahoma Tax Commission Rule 710:65-19-311.

- 2) Does the tax liability change with the type of sign or method of installation?

Response: No, the tax liability does not change with the type of sign or method of installation. You are selling a sign that normally keeps its identity as an article of tangible personal property and therefore you are a vendor and must charge and collect and remit sales tax on the gross proceeds of the sale of the article of tangible personal property.

- 3) What is taxable when we hire an independent contractor to do repairs on signs?

Response: If you separately state the charges for any repair parts used in the repair of the sign in your invoice to your customer, you should charge sales tax on only the repair parts. You may avoid being charged sales tax on the repair parts when you are invoiced by the person who is actually providing the repair by

claiming an exemption for resale, using your Oklahoma sales tax permit. Please refer to Oklahoma Tax Commission Rule 710:65-13-200.

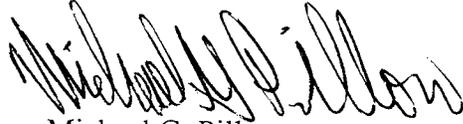
Copies of the rules cited are enclosed.

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 some loops and flourishes.

Michael G. Pillow

Tax Policy Analyst