

OKLAHOMA TAX COMMISSION

TAX POLICY AND RESEARCH DIVISION
TONY MASTIN, DIRECTOR

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October 18, 2001

Re: Our file Number LR-01-161; Sales tax collections on the auction of oil and gas properties.

Dear

This is in response to your inquiry on the subject referenced above. In your letter, you state that your client, _____ accepts consignments of working interests, overriding royalty interests and royalty interests and sells them in a live oral bid auction. You ask if _____ is required by the Oklahoma Tax Commission to collect sales tax on the sale of each of the types of oil and gas properties sold, and if so, the basis of our response.

Oklahoma Tax Commission rule 710:65-19-242 states that the tangible personal property sold in connection with the sale of an oil or gas well is subject to sales tax. Therefore the sale of a working interest is a transaction in which a liability for the reporting and payment of sales tax is required. Rule 710:65-19-10 requires auctioneers that sell consigned property to charge, collect, report and remit sales tax on the gross receipts of taxable sales that they make. Copies of these rules are enclosed.

We appreciate receiving the information you sent concerning the other firms who are in the business of conducting auctions similar to your client's business.

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

Enclosure