

OKLAHOMA TAX COMMISSION

TAX POLICY AND RESEARCH DIVISION
TONY MASTIN, DIRECTOR

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

November 30, 2001

Re: Our File Number LR – 01-179; Telephone advertising messages and equipment

Dear

This is in response to your request for a ruling concerning your lease agreement with You stated that you initially signed a service agreement for 36 months at \$109.00 per month with an organization called and was proffered a lease agreement with for monthly payments of \$119.00 for the same time period which included both a service and equipment element. It is unclear to me the terms of your lease agreement with The language in the contractual agreement between your company and is the determining factor to the tax status of the transaction.

To give a definitive answer regarding the liability created by the contractual agreement between your company and we would need more detailed explanations about the terms of the contracts. Therefore, please furnish documentation, including, but not limited to, the applicable contract or agreement that fully explains the arrangement between your company and and billing statements, release forms, etc., so that we can give you an answer regarding the specific responsibilities of the parties to this particular transaction.

Please note that if the charges for producing the commercial messages for your telephone system are not separately stated, but instead are included in the lease payment for the equipment, such charges will also be subject to sales tax and should be included in the total gross receipts of the rental or lease of tangible personal property, i.e. the telephone system. The Commission promulgated Rule 710:65-1-11, a copy is enclosed,

which specifically states that “the gross receipts or gross proceeds derived from the rental or lease of tangible personal property are subject to sales tax.”

Upon receipt of the additional information we will again review your request and will be able to make a more informed determination of the status of the transaction presented. If you should have any questions or need additional information you may contact me at the above listed number.

Sincerely,

Brenda J. Sullivan
Tax Policy Analyst

Enclosure