

OKLAHOMA TAX COMMISSION

TAX POLICY AND RESEARCH DIVISION
TONY MASTIN, DIRECTOR

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November 13, 2001

Re: Our file Number: LR-01-181; sales tax due on the sale of computer hardware and software maintenance services and enhancements.

Dear

This is in response to your inquiry concerning the subject referenced above. I have copied your fact situations into this letter and a determination has been made for each:

Customer Care: Software support services entailing assistance via telephone, fax and email help on the main computer software package. This will include instruction and database analysis.

Taxable _____ or Non-Taxable XXX

Not subject to tax providing it is separately stated on the bill or invoice, it is an optional service and it does not include updates. For both this question and the others, please refer to Oklahoma Tax Commission rule 710:65-19-52. A copy is enclosed.

Desktop Maintenance: Maintenance contract that keeps inter-office email/communications software running from year to year. This will also include software enhancements on this software package.

Taxable XXX or Non-Taxable _____

Hardware Maintenance: This component basically covers an annual hardware warranty contract.

Taxable _____ or Non-Taxable XXX

Not taxable if separately stated and it is optional.

Astra Software Enhancements: Ongoing software developments of Astra software that is released to customers on a semi-annual to annual basis. This is released in the form of a tangible data cartridge tape and mailed or couriered to customers.

Taxable XXX or Non-Taxable _____

Operating System Maintenance: This covers a partial support and enhancement contract to support their Computer's Operating System for Universe Databases.

Taxable XXX or Non-Taxable _____
Taxable since it provides for enhancements to the software.

This response applies only to the circumstances set out in your request of October 31, 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 (1)