

OKLAHOMA TAX COMMISSION

TAX POLICY AND RESEARCH DIVISION
TONY MASTIN, DIRECTOR

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

December 10, 2001

Re: Our file Number LR-01-185; Sales versus use tax on the sale and licensing of computer software. Your Sales Tax Permit Number ; Use Tax Permit

Dear

This is in response to your inquiry concerning the subject referenced above. In your particular fact situation, your company sells software, the title and possession to which transfers outside Oklahoma. However, at times, it is necessary that your company's employees come into Oklahoma to install software that has previously been sold and delivered.

Since included in the terms of the sales of the software is the provision that the transfer of title and possession occur outside Oklahoma, use tax, not sales tax is due on both the initial sale of the software and on the subsequent payments of licensing fees.

Since use tax not sales tax is due on your transactions with your Oklahoma customers, you should return your Oklahoma sales tax permit for cancellation along with a copy of this letter.

This response applies only to the circumstances set out in your request of November 27, 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, somewhat stylized font.

Michael G. Pillow
Tax Policy Analyst