

# OKLAHOMA TAX COMMISSION

TAX POLICY AND RESEARCH DIVISION  
TONY MASTIN, DIRECTOR

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February 28, 2002

Re: Our File Number LR-02-014; Tax status of TankLock for use in agriculture

Dear

This is in response to your inquiry for a determination as to the sales taxability or exemption regarding your company's shipment/sales of its product in Oklahoma. Your letter stated the is a locking device for Anhydrous Ammonia nurse tanks (fertilizer tanks) used in agriculture.

Oklahoma Statute Title 68 Section 1354(1)(A) specifically levies a sales tax on the sale of tangible personal property except newspapers and periodicals. Your product "TankLock" is considered a tangible personal product and would be taxable in Oklahoma unless your customer is an exempt entity.

Section 1358 of the Oklahoma Statutes provides exemption from sales taxes for certain enumerated items purchased and used in farming, ranching, and other agricultural operations, including sales of feed, fertilizer, pharmaceuticals, biologicals, seeds, plants, and pesticides, when sold to a person regularly engaged in farming or ranching, for profit, and the items are to be used and in fact are used in agricultural production. Farm machinery is also included in the exemption provided in this section. See subsection (5) (a) (b) and (c) and (6); copies are enclosed. The exemption provided in these paragraphs shall only be granted and extended to the purchaser where the items are to be used and in fact are used in the production of agricultural products.

The agricultural exemption found at Title 68 O.S. Section 1358 is the subject of Commission Rule 710:65-13-15. The procedure to qualify for the exemption is set out in

Section 1358.1 and Rule 710:65-13-18. Further, a vendor who makes a sale to an agricultural permit holder may relieve himself of liability if he follows the requirements as set out in Rule 710:65-7-6 and 710:65-7-11.

Thus, it would appear \_\_\_\_\_, a Division of \_\_\_\_\_ provided it follows the requirements cited above may properly exempt the sale of a \_\_\_\_\_ for Anhydrous Ammonia nurse tank (fertilizer tanks) to the holder of an agricultural exemption permit. Accordingly, the holder of an agricultural exemption permit may properly purchase the \_\_\_\_\_ to be used in agriculture exempt from sales tax provided it is used solely, in accordance with the statutes, in the production of agricultural products.

Copies of the statutory references and rules are enclosed. If I can be of further assistance, please feel free to contact me.

This response applies only to the circumstances set out in your request of January 22, 2002. 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,

Brenda J. Sullivan  
Tax Policy Analyst

Enclosures