

# OKLAHOMA TAX COMMISSION

TAX POLICY AND RESEARCH DIVISION  
TONY MASTIN, DIRECTOR

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July 12, 2002

Re: Our File Number LR-02-075; Sales tax on third party drop shipments

Dear

This is in response to your inquiry concerning the claiming of exemption on sales made for resale to one of your customers, who asks you to drop ship them to a third party located in Oklahoma. Your fact situation and questions are set out below and each question is followed by our response.

## FACT SITUATION

We are located in the state of Wisconsin and are registered with the state of Oklahoma to collect and remit sales tax. Our Customer, who is not registered with the state of Oklahoma and is a wholesaler, is having us drop-ship the material to their customer.

## YOUR QUESTIONS

1. Are we responsible for billing your state's sales tax on goods sold to an out-of-state purchaser but delivered to an in-state third party?

**RESPONSE:** You would be held responsible for collecting sales or use tax on any taxable sales sold into Oklahoma.

2. What do we need for our files to document that the material is for resale?

**RESPONSE:** You should obtain a statement from your customer that they are not required to be registered in Oklahoma and that they are engaged in the business of reselling the articles being purchased. A copy of their home state sales tax permit may be used to indicate that they are in fact engaged in the business of reselling the articles being purchased.

3. Can we accept our customers home state resale certificate?

**RESPONSE:** See above.

4. Does our customer need to be registered with the state of Oklahoma?

**RESPONSE:** If your customer has no physical connection with Oklahoma, they are not required to be registered with Oklahoma.

5. Would their customer's Oklahoma resale certificate, exemption certificate or direct pay # follow through?

**RESPONSE:** No.

I have enclosed Oklahoma Tax Commission Rules 710:65-7-6, 710:65-7-8 and 710:65-13-200 which deal with the exemption for sales for resale. A booklet containing a blank multi-jurisdictional sales and use tax exemption certificate has been mailed to you.

This response applies only to the circumstances set out in your request of May 6, 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,  
OKLAHOMA TAX COMMISSION



Michael G. Pillow  
Tax Policy Analyst

ATTACHMENT: