

OKLAHOMA TAX COMMISSION

TAX POLICY AND RESEARCH DIVISION
TONY MASTIN, DIRECTOR

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May 29, 2002

Re: Our File Number LR-02-076; Tax status of transactions for billing services.

Dear

This is in response to your inquiry concerning the taxability of the transactions which will occur as a result of printing and mailing statements to customers located in Oklahoma for a potential future customer. I have scanned your transactions and questions into this document with our responses.

"Each month, will bill the customer, for the following transaction:

- electronically receives a file from via WamNet transmission system.
- receives the file, processes, and converts the information into a form read by our digital printers
- The files are sent to our digital printers and statement information is printed on preprinted statement paper.
- Statements are then inserted along with a #9 return envelope into a #10 window envelope on our inserting equipment and postage is applied.
- The statements are then placed in mail tray in pre-sort order, strapped and taken to the Post Office. They are then mailed to customers.

will then receive an invoice from for the work described above. The steps described above will each be listed on a separate line on the invoice in the following manner:

<u>Item #</u>	<u>Description</u>	<u>Unit</u>	<u>Ordered</u>	<u>Shipped</u>	<u>Unit Price</u>
	<u>Total</u>				
Cust Stmt	Customer Stmt Records Printed xxxxx	ea	90,000	90,000	.xxxx
Whan	Wham Net xxxxx	ea	1	1	xxxxx
Insrts	Inserts xxxxx	ea	1,500	1,500	xxxxx
Postage	Postage xxxxx	ea	90,000	90,000	.xxxx

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It is likely that _____ will be mailing _____ statements to customers located in your state. _____ is questioning whether they would be charged sales tax on the above mentioned transaction.”

Question:

Could you please make a determination as to whether we should charge _____ tax for those items mailed into your state. If so, would the entire transaction be taxable?

Our Response:

The transactions listed above for processing information, printing and mailing statements are not subject to sales tax in Oklahoma. This response is based on Oklahoma Tax Commission Rules 710:65-19-28, 710:65-19-86 and 710:65-19-156, copies are enclosed. However, transactions which relate to the transfer of duplicate copies of tangible personal property, i.e. microfiche, magnetic media or printout copies distributed to your customer would be subject to sales tax.

Question:

Would certain items, such as postage, be exempt, if separately stated?

Our Response:

The cost of postage is not subject to sales tax.

This response applies only to the circumstances set out in your request of May 15, 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