

# OKLAHOMA TAX COMMISSION

TAX POLICY AND RESEARCH DIVISION  
TONY MASTIN, DIRECTOR

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

June 10, 2003

Re: Our File Number LR-02-088; Sales tax on the sale of modular homes

Dear

This is in response to your inquiry concerning the sale of modular homes. I have set out your questions below and each is followed by our response:

1. "As a manufacturer in Texas, when a factory-built unit is sold to an Oklahoma licensed retailer/dealer for the purpose of resale ...is a sales tax due?"

RESPONSE: If the retailer/dealer holds a valid Oklahoma Sales Tax Permit, it may make purchases of the units as purchases for resale, exempt from Oklahoma and any local sales tax. Please refer to Oklahoma Tax Commission rule 710:65-13-200. A copy is enclosed.

2. "As a licensed retailer/dealer in both Oklahoma City and Tulsa, when a factory built unit is sold to a consumer (homeowner) ...is a tax due?"

RESPONSE: The term "manufactured home" is defined in the Oklahoma Statutes at 47 O.S. Section 1102. The sale of a "manufactured home" is subject to motor vehicle excise tax which is levied at 68 O.S. Section 2104.3. Sales of tangible personal property on which the motor vehicle excise tax has been or will be paid are exempt from sales tax by the exemption found at 68 O.S. Section 1355. Since the unit being sold is not a "manufactured home", but is instead a modular home, and since the motor vehicle excise tax would not be due on the sale of the unit, sales tax would be due on the total gross receipts of the sale of the unit. Please refer to Oklahoma Tax Commission Rule 710:65-1-9. A copy is enclosed.

3. "In the case of either of the above where a sales tax is due, in the tax computed on the basis of the invoice on the factory-built home, or on the gross sales price, or on the materials utilized in manufacturing the home?"

2501 NORTH LINCOLN BOULEVARD • OKLAHOMA CITY • OKLAHOMA 73194

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RESPONSE: It is due on the gross receipts from the sale of the unit. However, separately stated and separately agreed upon delivery, installation and special service charges are not subject to the sales tax. Please refer to Oklahoma Tax Commission Rules 710:65-19-70, 710:65-19-158 and 710:65-19-159. Copies are enclosed.

This response applies only to the circumstances set out in your request of May 29, 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

A handwritten signature in black ink, appearing to read "Michael G. Pillow". The signature is written in a cursive, flowing style.

Michael G. Pillow  
Tax Policy Analyst