

OKLAHOMA TAX COMMISSION

TAX POLICY AND RESEARCH DIVISION
TONY MASTIN, DIRECTOR

PHONE (405) 521-3133
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August 14, 2002

Re: Our File Number LR-02-143; Sales tax on drop shipments

Dear Sir or Madam:

This is in response to your inquiry concerning the documentation necessary to relieve a vendor of responsibility on drop shipments made into Oklahoma. The fact situation used in your letter is "...Company A located in New York ships product for Company B located in New Jersey to Company C located in Oklahoma."

Under these facts, Company A should obtain a statement from Company B, that Company B is in the business of reselling the goods being purchased, and that they are in fact being resold. Company A should also obtain a copy of Company B's New Jersey Sales Tax Permit.

This response is based on the goods being shipped to Company C via common carrier from an inventory point outside Oklahoma and that they are not being installed by either Company A or Company B or their agents.

A copy of the Oklahoma Tax Commission Rule dealing with sales for resale is enclosed

This response applies only to the circumstances set out in your request of July 31, 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