

OKLAHOMA TAX COMMISSION

TAX POLICY AND RESEARCH DIVISION
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August 27, 2002

Re: Our File Number LR-02-145; Filing requirements and taxability of
catalogs mailed into Oklahoma

Dear

This is in response to your inquiry regarding the questions in your correspondence. I have restated your questions below followed by our response.

#1 Can we file our catalog sales under our current account

Our Response: Yes.

If so, do we need to get set up to collect Seller Use tax or is that included in the same return as our sales tax return?

Our Response: You would need to apply for a use tax permit. See Commission Rule 710:65-15-1, 710:65-17-1, 710:65-21-4, 710:65-21-5 and 710:65-21-6.

#2 Do we have to pay use tax on the catalogs that are mailed into your state?

Our Response: Yes. Tangible personal property purchased out of state and shipped into Oklahoma for use or consumption is subject to use tax pursuant to Title 68, Section 1402 of the Oklahoma Statutes. The taxable basis is the "sales value" of the property at the time it was withdrawn from stock for use and/or consumption by a vendor or a manufacturer. See Commission Rule 710:65-1-2 relating to "sales value". However, a credit for sales or use tax paid to another state in which the property was acquired or used may be taken in computing the amount of use tax due this State, but such credit

must be computed by applying the rate of sales or use tax paid to another state to the "sales value" of the property at the time it enters Oklahoma. Please note that Section 1404 of Title 68, specifically states that "no credit shall be given for taxes paid in another state, if that state does not grant like credit for taxes paid in Oklahoma". Further, the credit allowed may be up to the state use tax rate of four and one half percent (4 ½%), depending on the other state's rate.

#3. If your state is a 'Home Rule State' would local jurisdiction have different rules than your?

Our Response: No. State sales and use tax rules are the same for city and county governments.

Please find enclosed the copies of the Statutory Reference and Commission Rules. If I can be of further assistance, please contact me.

Sincerely,

Brenda J. Sullivan
Tax Policy Analyst

Enclosure