

OKLAHOMA TAX COMMISSION

TAX POLICY AND RESEARCH DIVISION
TONY MASTIN, DIRECTOR

PHONE (405) 521-3133
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September 6, 2002

Re: Our File Number LR-02-153 Sales or use tax due on third party drop shipments

Dear

This is in response to your inquiries concerning whether Oklahoma sales or use tax is due on sales where a sale is made under the circumstances set out in your emails:

"We have nexus with your state. Our customer does not have nexus in your state. They instruct a common carrier to pickup their orders from us in Missouri and take them to their customers in Oklahoma. The title passes to them at our dock (F.O.B. Origin point). Are we required to either charge sales & use tax and/or collect sale & use from that customer that does not have nexus in your state?"

"We have nexus with your state. Our Customer does not have nexus in your state. They instruct a common carrier to pick up their orders from us in Missouri and take them to their customers in Oklahoma. The shipping directions are F.O.B. shipping point. Are we required to either charge sales & use tax and/or collect sales & use from that customer that does not have nexus in your state?"

During our telephone conversation, you stated that the words "shipping point" implied destination point.

Based on the facts as set out above, since your company has nexus with the state of Oklahoma, you are required to charge sales tax or use tax, as may be applicable, on all sales made into Oklahoma that are not otherwise exempt. Please see Oklahoma Tax Commission rule 710:65-21-3. However, since the sales are being made to your customer, for resale, and since your customer is not a resident of Oklahoma, you may exempt the sales to your customer as sales for resale if you will obtain from them a statement that they are making the purchases for resale along with a copy of their home state permit. The documentation required to relieve a vendor of liability for sales made for resale is covered by Oklahoma Tax Commission Rules 710:65-7-6; 710:65-7-8 and 710:65-13-200. Copies of the rules mentioned are attached.

This response applies only to the circumstances set out in your requests of September 3 and September 4, 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 cursive script, appearing to read "Michael G. Pillow".

Michael G. Pillow
Tax Policy Analyst