

# OKLAHOMA TAX COMMISSION

TAX POLICY AND RESEARCH DIVISION  
TONY MASTIN, DIRECTOR

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October 29, 2002

Re: Our File Number LR-02-184; Sales tax on purchases for use outside Oklahoma

Dear

This is in response to your inquiry concerning whether sales tax is due on purchases made for use in a manufacturing plant located in the state of Wyoming. Your fact situation and questions are set out below. Each question is followed by our response.

## FACTS

(Jacobs) acts as an agent for EMC in purchasing materials. Jacobs purchased pipe from a vendor in Tulsa, Oklahoma (initial sale). The purchase order terms indicate title passed to the buyer (Jacobs/EMC) upon delivery and acceptance of conforming goods by buyer or buyer's representative at the destination designated in the purchase order.

The shipping terms were Free Carrier Seller's Yard. Initially the shipped to location was not specified on the purchase order. It was subsequently amended to indicate the property was to be shipped to the fabricator in Oklahoma; a final destination of Labarge, Wyoming was also indicated. Additionally, the purchase order advised the seller and all subvendors that all material/equipment supplied as part of the purchase order was to be installed and maintained at in Labarge, Wyoming.

The fabricator located in Oklahoma further processed the pipe for EMC. The processing included manufacturing/spooling the pipe so it would be usable. The property was then shipped via common carrier to EMC's facilities in Wyoming.

The pipe is for use in manufacturing at EMC's gas plant located in Wyoming. It is being used in a multi-million construction project to expand the existing gas processing facility.

## **QUESTIONS**

- Is Oklahoma sales tax due on the initial sale?

**RESPONSE:** An exemption could be claimed on the purchases since they are made for immediate and exclusive use outside Oklahoma, pursuant to 68 O.S. Section 1359.

- Would the initial sale qualify for exemption from Oklahoma sales tax under Oklahoma Section 1359-Exemptions-Manufacturers which states:

There are hereby specifically exempted from the tax levied by Section 1350 et seq. of this title:

1. Sales of goods, wares, merchandise, tangible personal property, machinery and equipment to a manufacturer for use in a manufacturing operation.

or

5. Sale of tangible personal property when sold by the manufacturer to a person who transports it to a state other than Oklahoma for immediate and exclusive use in a state other than Oklahoma. Provided, no sales at a retail outlet shall qualify for the exemption under this paragraph;

**RESPONSE:** Please see the response to your first question.

- Are there any other areas where this transaction would qualify for exemption from sales tax?

**RESPONSE:** No.

This response applies only to the circumstances set out in your request of October 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

  
Michael G. Pillow  
Tax Policy Analyst