

# OKLAHOMA TAX COMMISSION

TAX POLICY AND RESEARCH DIVISION  
TONY MASTIN, DIRECTOR

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

November 5, 2002

Re: Our File Number LR-02-196; Review of sales tax manual

Dear

This is in response to your inquiry requesting comments about a sales tax manual. We have reviewed the manual provided and have the following comments about the portions of the manual indicated:

## Introduction

The manual states that sales tax is due on retail sales. The term "retail sale" is not defined in the Oklahoma Sales Tax Code. What is taxable in Oklahoma are sales of tangible personal property and certain enumerated services that are not otherwise exempt.

## Definitions

Although the flow charts indicate that a copy of an exemption letter is required before an exemption for a tax exempt entity will be allowed, the definition of "**Tax-exempt entity**" is in error when it states that "The state of Oklahoma also grants an exemption to entities exempt from federal income tax under Internal Revenue Code Section 501(c)(3)". Instead, exemptions have been granted only to those types of entities specifically listed in the Oklahoma Sales Tax Code. An application form which is used to issue sales tax exemption letters and cards is enclosed for your reference.

Although the manual defines the phrase "**Export Sale/Rental**" it does not define and does not cover, any sales where the title and ownership transfers in Oklahoma but the origination point for the goods was in another state. An example of sales not covered by the manual is where an Oklahoma consumer buys or rents tangible personal property from the company's Missouri office. Presumably the sale is characterized by the company as an export sale for Missouri and is exempted from Missouri sales tax. However, the gross proceeds are subject to use tax in Oklahoma if both title and possession change and is subject to sales tax if the transaction is a

rental. The company is required to charge Oklahoma sales or use tax on sales made into Oklahoma from outside Oklahoma because of the physical connection it has with Oklahoma.

**Business Center Services**

Charges for providing customers copies of computer printouts would be taxable since the sale is one of printed materials

This response applies only to the circumstances set out in your request of October 22, 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