

# OKLAHOMA TAX COMMISSION

TAX POLICY AND RESEARCH DIVISION  
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December 9, 2002

Re: Our File Number LR-02-211; Sales tax on prepaid internet service.

Dear

This is in response to your inquiry concerning sales tax on the purchase of prepaid internet service. Your two fact situations are set out below, followed by our responses:

1. **PrePaid Internet Service** - a prepaid card that the consumer purchases for a specified amount of internet access time. The card comes with a Start-Up CD, which needs to be loaded initially on the computer to gain access to the service. There is no monthly fee. However, the consumer is still subject to any related charges and taxes for use of the telephone line to connect to the service. These charges are billed separately by the telecommunications carrier.

**Our Response: The sale of PrePaid Internet Service is not subject to sales tax.**

2. **Prepaid Internet Service Refill Card** - a prepaid card that consumers purchase to add additional minutes to their "already established" prepaid internet service account. This product is similar to the above item, except that there is no Start-Up CD.

**Our Response: The sale of the Prepaid Internet Service Refill Card is not subject to sales tax.**

These responses are based on Oklahoma Tax Commission Rule 710:65-19-156. A copy is enclosed.

This response applies only to the circumstances set out in your request of November 6, 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 black ink, appearing to read "Michael G. Pillow". The signature is written in a cursive style with a large, stylized initial "M".

Michael G. Pillow  
*Tax Policy Analyst*

Enclosure: (1)