

OKLAHOMA TAX COMMISSION

TAX POLICY AND RESEARCH DIVISION
TONY MASTIN, DIRECTOR

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

March 20, 2003

Re: Our File Number LR - 03-057; Tax status of cylinder use for persons engaged in farming, ranching or agricultural production.

Dear

Please be advised that Oklahoma Tax Commission Rule OAC 710:65-13-15, "Agricultural production" defined; taxable and exempt transactions, has been amended to include an exemption for the lease or rental of cylinders if used directly in agricultural production by persons engaged in farming, ranching or agricultural production. See subsection (k)(6) of the above rule, a copy of which is enclosed. The sales tax exemptions under Oklahoma Law are authorized to farmers and ranchers only on purchases of items used directly in agricultural production. The Oklahoma vendor is required to obtain sufficient documentation from the farmer or rancher claiming exemption. Please note Oklahoma Tax Commission Rule OAC 710:65-7-6, "Vendor's relief from liability and duty to collect sales tax", which contains the requirements to establish "properly completed documentation certified by the Commission". Also, note Commission Rule 710:65-7-11 "Vendors' responsibility - sales for agricultural purposes". Copies are enclosed.

Therefore, you may lease cylinders exempt from sales tax for use in your farming/ranching operations with the proper documentation, i.e. agricultural exemption permit. If I can be of further assistance, please feel free to contact me.

This response applies only to the circumstances set out in your request of March 04, 2003. 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.

Sincerely,


Brenda J. Sullivan
Tax Policy Analyst

Enclosure

2501 NORTH LINCOLN BOULEVARD • OKLAHOMA CITY • OKLAHOMA 73194

IT IS OUR MISSION TO SERVE THE PEOPLE OF OKLAHOMA BY PROMOTING TAX COMPLIANCE THROUGH QUALITY SERVICE AND FAIR ADMINISTRATION