

OKLAHOMA TAX COMMISSION

TAX POLICY AND RESEARCH DIVISION
TONY MASTIN, DIRECTOR

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June 26, 2003

Via email to

Re: Our File Number LR-03-068; Sales tax of class fees, floral labor and frame labor

Dear

This is in response to your inquiry concerning the subject referenced above. I have copied your questions below and each is followed by our response.

.Class Fees

1. Lump sum class fee includes labor and materials, which are not stated separately. Is the lump sum fee taxable?

Response: I cannot distinguish this scenario from the next one below. Please advise the difference between them.

2. Class fee charged. provided the materials free of charge. We accrue use tax on the materials. Is the class fee taxable?

Response: I cannot distinguish this scenario from the one immediately above. In both cases, provides both the class and material. Please advise if there is a difference between the two scenarios. I can say that for those instances where has purchased materials for resale and then gives them away, free of charge, in Oklahoma, the correct tax to be accrued and remitted by l is sales tax not use tax.

3. No fee charged for class, provides the materials free of charge. We accrue use tax on the materials. Is this correct?

Response: State and local sales taxes rather than use taxes need to be accrued and remitted by

4. Class fee charged. Vendor provides the materials free of charge. Is the class fee taxable?

Response: The class fee charged by _____ is not taxable. The third party vendor who is giving the material away owes sales tax on the material if they are withdrawing the material from an inventory held in Oklahoma for resale or use tax if they brought the material into Oklahoma from outside Oklahoma.

5. Class fees are charged. Customer provides the materials. Customer pays sales tax at the register when purchasing materials. Is class fee taxable?

Response: No, the class fee is not taxable since class fees are not a service on which the sales tax in Oklahoma is levied.

Floral Labor

1. Is the make up charge (labor) taxable?

Response: No, in Oklahoma, separately stated alteration charges are not part of the taxable "selling price" of tangible personal property that is sold. Please see Oklahoma Tax Commission Rules 710:65-19-158 and 710:65-19-159. Copies are attached.

Frame Labor

Is the labor taxable?

Response: No, in Oklahoma, separately stated alteration charges are not part of the taxable "selling price" of tangible personal property that is sold. Please see Oklahoma Tax Commission Rules 710:65-19-158 and 710:65-19-159. Copies are attached.

This response applies only to the circumstances set out in your request of April 3, 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.

If I can be of further assistance, please feel free to contact me.

Sincerely,
OKLAHOMA TAX COMMISSION



Michael G. Pillow
Tax Policy Analyst