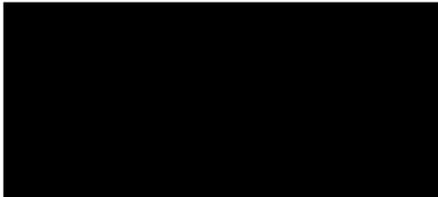


# OKLAHOMA TAX COMMISSION

TAX POLICY AND RESEARCH DIVISION  
TONY MASTIN, DIRECTOR

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

May 22, 2003



Re: Our File Number LR-03-085; Vendor requirement on third party shipment

Dear [REDACTED]

This is in response to your inquiry regarding the documentation or regulation that is required to show vendors' exempt status on third party shipments when there is no tax presence in the State of Oklahoma.

You stated that your company, [REDACTED] (hereinafter [REDACTED]) is located in the State of Michigan; makes purchases of press supplies from vendors and has them drop shipped to resale customers in Oklahoma. Accordingly, you do not pay or charge sales tax due to the resale status of customers and inter-state commerce. You indicated that [REDACTED] has no presence in the State of Oklahoma and does not exist in Oklahoma."

Please be advised that Oklahoma **sales tax** is levied on transactions that occur within Oklahoma. **Use tax** is levied on a transfer of title or possession of tangible personal property purchased out of state and subsequently brought into Oklahoma for storage, use or consumption pursuant to Title 68, Section 1402 of the Oklahoma Statutes.

Additionally, for sales shipped to Oklahoma residents which are solicited through advertisements and direct mailings, telephone orders, an out-of-state vendor would be required to collect Oklahoma **use tax** if it has a physical connection with Oklahoma, such as agents, a business situs, inventory or other property, or affiliates operating in Oklahoma under its authority. If an out-of-state vendor should have agents making sales from inventory within this state, the out-of-state vendor would be required to collect Oklahoma **sales tax**, as might also be the case if the out-of-state vendor were to travel to

shows, fairs or exhibitions, deliver and install equipment or machinery, etc., in Oklahoma.

If your company lacks sufficient physical connection with Oklahoma, as set out in the criteria above, it cannot be required to register for sales or use tax. Further, Oklahoma cannot require your company which has no connection with Oklahoma, to register to collect the state and any local sales or use taxes on taxable sales. As a result, if the sale transaction described in your correspondence is made from an inventory point outside Oklahoma, by common carrier, you should obtain a resale certificate that states that your customer is making the purchase for resale. A copy of your customer's home state sales tax permit should be obtained to show that your customer is in the business of reselling the articles being purchased.

This response applies only to the circumstances set out in your request of April 25, 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,



Brenda J. Sullivan  
Tax Policy Analyst