

OKLAHOMA TAX COMMISSION

TAX POLICY AND RESEARCH DIVISION
TONY MASTIN, DIRECTOR

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August 5, 2003

Re: Our File Number LR-03-117; Third party shipment and installation

Dear

This is in response to your request for clarification regarding the sales tax requirement for the above subject. I have scanned your fact scenario into this letter, followed by our response.

currently are contracted to manufacture and install pallet rack for a future distribution center in Oklahoma. Questions have risen regarding sales tax requirements for the state of Oklahoma which needs clarification. Since will be hiring outside contractors for installation, we are planning to register with the State of Oklahoma. Our customer however will have a drop-shipment relationship with and is currently not registered with Oklahoma. Our customer is planning on claiming resale status and has provided their home state sales tax identification number.

Let me explain the exact relationship: will be manufacturing product outside of Oklahoma and then drop-ship by common carrier to a location within Oklahoma to be installed. The buyer corporation will never touch the product but have hired to install for another firm in Oklahoma. Our billings will be to the buyer firm outside of Oklahoma and the buyer firm will be billing the end-user in Oklahoma. Since all transactions occur outside of Oklahoma with our customer, does Oklahoma require our customer to obtain a sales tax license or can they use their home state to suffice for resale? Please advise in writing to to the address listed in the upper right, attention An immediate response would be greatly appreciated.

Since the goods are going to be transferred inside of Oklahoma, Buyer Corporation has title and would have to obtain an Oklahoma sales tax permit as a resident in order to make the purchase in Oklahoma exempt from sales tax as an exempt purchase for resale.

This response is based on Oklahoma Tax Commission Rules 710:65-13-200 and 710:65-15-1, copies are enclosed.

This response applies only to the circumstances set out in your request of June 12, 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
Brenda J. Sullivan