

OKLAHOMA TAX COMMISSION

TAX POLICY AND RESEARCH DIVISION
TONY MASTIN, DIRECTOR

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July 9, 2003

Re: Our File Number LR-03-127; Local sales tax on multi-level sales.

Dear

This is in response to your inquiry, addressed to Chairman Thomas E. Kemp Jr., concerning the ability of the Oklahoma Tax Commission to accept a lump sum for the local taxes collected in the state and for the Oklahoma Tax Commission to make the distribution of the local taxes by some estimated method.

You state that "the Company cannot determine in advance where the Distributors will resell the merchandise at the retail price upon which the tax was charged".

The tax that is to be charged by your company is the tax that is due on the sales to the Distributors at the delivery address, at the suggested retail price. It is not necessary for your company to know where the Distributors will later deliver the product. A copy of Oklahoma Tax Commission Rule 710:65-19-214 which deals with multi-level sales is enclosed.

It is necessary for your company to remit the tax collected and advise us of the amount of tax collected for each taxing jurisdiction in which a delivery by your company is made. The Oklahoma Tax Commission cannot enter into an agreement that would allow you to remit a lump sum for local taxes and for the Commission to apportion that sum based on some estimate of the taxes due each jurisdiction. This response is based on Oklahoma Tax Commission Rule 710:65-3-4. A copy is enclosed.

This response applies only to the circumstances set out in your request of May 16, 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

Cc: Thomas E. Kemp Jr.
Larry Shropshire