

OKLAHOMA TAX COMMISSION

TAX POLICY AND RESEARCH DIVISION
TONY MASTIN, DIRECTOR

PHONE (405) 521-3133
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August 6, 2003

Re: Our File Number LR-03-142; Tax Status of sale and installation of
storm shelters and safe rooms

Dear

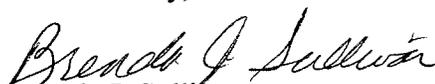
This is in response to your request for a letter ruling concerning the three transactions listed in your correspondence for the sale and installation of storms shelters and safe rooms.

The installation of storm shelters and safe rooms results in the improvement of real property. Businesses engaged in making improvements to real property are the taxable consumers and are subject to the rules governing contractors. Contractors are considered the consumer/users of items purchased to improve real property. They pay tax on the materials used in their contracts and do not charge a mark-up on their material. Their profit is in labor/installation. Consequently, they do not charge sales tax on the revenue received from the contract. Usually, any cost, including tax, that a contractor incurs as part of its job performance should be included in its lump sum contract price. Please see Commission Rules 710:65-19-55 and 710:65-19-56.

Please find enclosed Commission Rules referenced herein. 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 July 17, 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