

OKLAHOMA TAX COMMISSION

TAX POLICY AND RESEARCH DIVISION
TONY MASTIN, DIRECTOR

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November 6, 2003

hardcopy to be mailed

Re: Our File Number LR-03-144; Documentation required to be obtained by a vendor to support tax exempt sales to certain subcontractors.

Dear

This is in response to your inquiry concerning the documentation required to be obtained from subcontractors with contracts with the entities that are enumerated in Oklahoma Tax Commission Rule 710:65-7-13 to allow the vendor to make sales to the contractor exempt from sales tax.

As set out in sub-section (c) of that rule, in order to be relieved of liability in accordance with Oklahoma Tax Commission Rule 710:65-7-6, the vendor must receive the following documentation and accept it in good faith at or before the time of the sale:

- (1) A copy of the exemption card or letter that has been issued to the entity
- (2) Documentation indicating the contractual relationship between the contractor and the entity
- (3) Certification, on the face of each invoice or sales receipt, setting out the name of the exempt entity, that the purchases are being made on behalf of the entity, and that they are necessary for the completion of the contract.

The documentation required by sub-paragraph (2) above must show the relationship between the entity and each contractor or subcontractor. Having a letter only to a contractor will not allow for the exemption of sales to another entity that claims to be a subcontractor. The subcontractor must have documentation from the exempt entity indicating that the subcontractor is a subcontractor for the job on which work is being done and for which purchases are being made.

Copies of the rules mentioned are enclosed.

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IT IS OUR MISSION TO SERVE THE PEOPLE OF OKLAHOMA BY PROMOTING TAX COMPLIANCE THROUGH QUALITY SERVICE AND FAIR ADMINISTRATION

This response applies only to the circumstances set out in your request of July 11, 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

A handwritten signature in black ink, appearing to read "Michael G. Pillow". The signature is written in a cursive style with a large, stylized initial "M".

Michael G. Pillow
Tax Policy Analyst