

OKLAHOMA TAX COMMISSION

TAX POLICY AND RESEARCH DIVISION
TONY MASTIN, DIRECTOR

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September 18, 2003

Re: Our File Number LR-03-165; Tax Exempt Purchases by a Contractor or Subcontractor

Dear

This is in response to your request wherein you asked if there is a provision in the State of Oklahoma for a reduced rate of sales tax for contractors with a job for over \$10,000.00. Please be advised that Oklahoma Statutes do not contain a provision that would allow contractors a reduced rate of sales tax on purchases. However, the Oklahoma Sales Tax Code does contain three provisions which allow a contractor or a subcontractor to make purchases exempt from sales tax based on the exempt status of another entity. See Sections 1356 (10),(11) and Section 1358 (8) of Title 68 and Commission Rule 710:65-1-7 (3)enclosed.

In the case where a contractor or subcontractor has a contract that falls within the limited exceptions, for the exemption to apply, the contractor or subcontractor must have an agency agreement with the entity, by which they are appointed as purchasing agent to make exempt purchases on behalf of the exempt entity to fulfill their contractual agreement. Please note the additional requirements in Oklahoma Tax Commission Rule 710:65-7-6 and 710:65-7-13, copy enclosed, titled "Vendor's responsibility-sales to contractors" which describes in detail the requirements needed to establish properly completed documentation.

As to your question regarding an advertising billboard structure that is affixed to land with concrete, it is considered tangible personal property. The sale or purchase of an advertising structure is subject to sales or use tax in Oklahoma. See Commission Rule 710:65-13-1, 710:65-19-29 and 710:65-19-107, copies are enclosed.

This response applies only to the circumstances set out in your request of August 22, 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

Enclosure

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