

# OKLAHOMA TAX COMMISSION

TAX POLICY AND RESEARCH DIVISION  
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December 9, 2003

Re: Our File Number LR-03-222; Sourcing of sales for the purpose of collecting sales tax

This is in response to your inquiry concerning the sourcing of sales for the purpose of imposing local sales tax. Your fact situation is set out below followed by your questions. Our responses follow each question.

## **Your Fact Situation**

We are a manufacturer of metal building components, etc. We do not deliver, install, erect, or otherwise, perform any functions at the site where the customer intends to utilize our products. All our sales are over the counter. We do not own or operate any delivery vehicles of any kind.

## **Your Questions:**

- a. When a customer purchases and picks up an order at our facility and we are short an item, such as screws, and the customer does not want to return to pick up the small shortage and requests us to ship the shortage UPS, as an example, do we tax him/her on the shortage at our location or at the UPS delivery point?

**Response: The taxes that are due are the taxes in effect at the UPS delivery point.**

- b. When a customer purchases and pays for an order at our counter and then the customer hires someone, a third party, to pickup his/her purchase and deliver it to his location, which taxing authority is correct? Our business location or the customer's location?

**Response: The taxes that are due are the taxes in effect at the customer's location, if the "third party" is a shipping company.**

- b 1. It would appear to us the customer's representative, acting on behalf of the customer himself, is taking possession of the merchandise at our facility, thus, making our facility the taxing authority, am I correct in this assumption?

**Response:** If you are delivering the goods sold to a shipping company, the tax is due at the point the shipping company delivers the goods to your customer.

This response applies only to the circumstances set out in your request of October 2, 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