OKLAHOMA TAX COMMISSION

TAX POLICY AND RESEARCH DIVISION
TONY MASTIN, DIRECTOR

PHONE (405) 521-3133
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March 15, 2004

Re: Our File Number LR-04-024; Taxability of delivery and transportation charges

Dear

This is in response to your request for a ruling as to whether sales tax should be charged on delivery and transportation charges if they are separately stated on the invoice.

It appears that neither of the invoices should be taxed for delivery and transportation charges according to Commission Rule 710:65-19-70 subsection (a) and (c). Subsection (c) describes in-bound freight, where the vendor/seller paid the Freight/handling charges to get the property into its inventory. The invoice that is marked "Direct Order" and the ship point box - "Drop Ship" is where the vendor ordered the "safety switch" from another source and had it shipped directly to you, but did not pay the cost of the freight.

Therefore, the Freight/handling charges are not taxable since the seller did not pay the charge in acquiring the safety switch. Also, the order charge would not be taxable since it is separately stated on the invoice.

Please find enclosed an amended copy of Commission Rule 710:65-19-70. 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 January 28, 2004. 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.

Sincerely,

Brenda J. Sullivan
Tax Policy Analyst

Enclosure