OKLAHOMA TAX COMMISSION

TAX POLICY AND RESEARCH DIVISION
TONY MASTIN, DIRECTOR

PHONE (405) 521-3133
FACSIMILE (405) 522-0063

April 7, 2004

Re: Our File Number LR-04-054; Tax responsibility

Dear

This is in response to your inquiry concerning your company's tax responsibility for the purchase of oil well pipe in Oklahoma and the subsequent transfer to your customer in Louisiana.

For sales tax purposes your company must hold an Oklahoma Sales Tax Permit in order to make purchases in Oklahoma exempt from sales tax for resale. See Oklahoma Tax Commission Rules 710:65-13-200 and 710:65-15-1 which relate to sales for resale and to sales in interstate commerce; copies are enclosed.

Consequently, if is a corporation, it is subject to Oklahoma's Franchise Tax. Title 68 O.S. Section 1201 et seq. states that it "applies to every corporation qualified to do business or doing business in the State of Oklahoma in a corporate capacity and specifically included a corporation organized under the laws of a state other than Oklahoma." It does apply, also, to corporations holding title to tangible personal property, which is physically located in Oklahoma.

Further, Oklahoma sales and franchise tax filing requirements do not automatically create Oklahoma income tax nexus. Your inquiry does not provide us with enough facts as to company's activities in Oklahoma to allow us to issue a determination of income tax filing requirements.

Oklahoma Tax Commission Rules 710:50-17-3 and 710:50-17-4 set out activities that create nexus for income tax purposes. Please fill out and return the enclosed questionnaire so we can answer your question correctly based on the entire range of business done by your company.

Please find enclosed the statutory references and rules listed above and 68 O. S. Sections 1201, 1202, 1203 and 1204, an Income Tax Nexus questionnaire and a Business Registration Packet. If I can be of further assistance, please contact me.

This response applies only to the circumstances set out in your request of March 30, 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

Brenda J. Sullivan
Tax Policy Analyst

Enclosure