OKLAHOMA TAX COMMISSION

TAX POLICY AND RESEARCH DIVISION
TONY MASTIN, DIRECTOR

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June 15, 2004

Re: Our File Number LR-04-071; Tax status on air filter change-out service, return air grille and drink cooler cleaning services

Dear

This is in response to your inquiry regarding the taxability of your company's air filter change out, grille and drink cooler cleaning services using the invoicing method presented on the sample invoices that you submitted.

Before discussing the taxability of the enclosed invoices, please note the following general comments concerning the administration of sales tax in Oklahoma for labor charges for installation and special services.

Generally, labor charges for installation, repair or other special services are not taxable if the vendor and vendee agree to them separately and they are disclosed as a separate line item on the bill or invoice. See Commission Rules 710:65-19-158 and 710:65-19-159. However, there is one exception to this general rule. Section 1354 (4) of Title 68 levies a sales tax on "all local telecommunication service and rental charges including all installation and construction charges and all service and rental charges having any connection with transmission of any message or image."

Therefore, the services of air filter change-out, return air grille and drink cooler are not one of the enumerated services on which sales tax is levied in Oklahoma. However, persons engaged in selling these services are considered to be the consumers/users and should pay sales or use tax on materials, supplies and equipment purchased for use in their business. Please see enclosed Rule 710:65-1-7 and 710:65-19-309. Additionally, the gross receipts or gross proceeds derived from the sale of tangible personal property are subject to sales tax.

As to the taxability of the items listed on Invoice No. , the represent the sale of tangible personal property and are the only taxable items since the

installation and the cleaning are listed separately as stated above. The taxable items on Invoice No. ____ are the filter and filter installation service since the charge is combined with the sale of the filter.

This response applies only to the circumstances set out in your request of April 19, 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. If I can be of further assistance, please feel free to contact me.

Sincerely,

Brenda J. Sullivan

Brenda J. Sullivan
Tax Policy Analyst

cc: Jerry Webb, Deputy Director Taxpayer Assistance Division
Enclosure