OKLAHOMA TAX COMMISSION

TAX POLICY AND RESEARCH DIVISION
TONY MASTIN, DIRECTOR

PHONE (405) 521-3133
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August 27, 2004

Re: Our File Number LR-04-085; Sales tax on the provision of online bill pay services

Dear

This is in response to your inquiry concerning the subject referenced above. Your fact situation and questions are set out below. Our response follows each question.

Your fact situation

Some of our clients provide online bill pay services. Online bill pay allows a customer to make an online payment to a vendor or a supplier through the Internet using a third-party provider contracted by our client. The third-party Internet server could be located in or outside of your state. A customer can make a one-time payment or schedule multiple recurring payments that are automatically sent electronically or by check to any payee in the United States. The payment history or data is permanently stored online on the third-party secured website. The customer has the option to view their payment history using custom report options online or download the data into a prepackaged bookkeeping software program located on the customer's own computer

The customers can be charged a flat monthly fee, per transaction fee, or a combination of monthly plus a transaction fee. There is no charge for using the custom report option online, printing a back-up copy, or downloading the data into the customer's own bookkeeping program.

Your questions

1. Given that the seller has nexus with your state and that the seller's customers are located in your state, are the charges for accessing an in-state or an out-of-state

Internet website to utilize the online bill pay service explained above subject to sales or use tax in your state?

Response: No.

2. Does the customers ability to electronically download their data into a third-party bookkeeping program or print a back-up copy of their payment history change your answer?

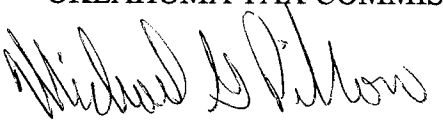
Response: No.

These responses are based on Oklahoma Tax Commission Rule 710:65-19-156. A copy is enclosed.

This response applies only to the circumstances set out in your request of April 8, 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,
OKLAHOMA TAX COMMISSION



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