OKLAHOMA TAX COMMISSION

TAX POLICY AND RESEARCH DIVISION
TONY MASTIN, DIRECTOR

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

August 5, 2004

RE: Our File Number LR-04-121;Tax status of manufacturing and installation of signage

Dear

This is in response to your request for sales and use tax guidance of the requirements to properly bill your client for the contractual obligation to change existing signage in Oklahoma. I have scanned your fact scenario into this document, followed by our responses. Please note the following comments regarding vendor's responsibilities for taxable sales transactions made in Oklahoma:

Oklahoma sales tax is levied on transactions that occur within Oklahoma. Use tax is levied on a transfer of title or possession of tangible personal property that occurs outside Oklahoma, i.e. property purchased out of state and subsequently brought into Oklahoma for storage, use or consumption pursuant to Title 68, Section 1402 of the Oklahoma Statutes.

Delivery sales are sourced to the location where receipt by the purchaser occurs. Sales tax should be charged for the location to which the sale was sourced. See Commission Rule 710:65-18-3. Oklahoma sales tax is a combination of the state rate of four and one-half percent (4 ½%) and any applicable city and county sales tax. The use tax is the same as the sales tax rate. Also see the chart for sales and use tax rates.

"Vendors who engage in selling signs must collect, report and remit sales tax notwithstanding the fact that the signs have use or value (other than salvage value) only to the purchaser. However, effective July 1, 1997, the servicing of advertising devices is not subject to sales tax." See Commission Rule 710:65-19-311.

"Our client has recently acquired several locations in the State of Oklahoma. We have been contracted to change the existing signage to meet our client's advertising needs. We are a company located in the State of Texas. We do not usually provide services in the State of Oklahoma. For this reason, we are respectfully requesting that you provide sales and use tax guidance, so we can

properly bill our client and ensure that we meet with any sales and use tax revenue requirements.

Our work will consist of manufacturing and installing signage on existing locations. The scope of our work is as follows:

> **Install Covers on Signs, Directionals / Remove LOB Copy Inside Building / Remove Existing Wall Signs & Install Back-Lit Logos & Letters / Install Non-Illuminated Logo & Letters / Remove Inside Logo & Letters / Install Inside Logo & Letters / Install new Directional Signs / Install New Handicap Pole & Sign / Install New Computer Cut Vinyl (Hours or Others) / Install Canopy Cover, & Egg Crate Grill & Relamp Canopy's / Remove Existing Install Large Monument Sign / Remove Existing Install Small Monument Sign / Large Monument to be Installed on Existing Foundation / Install new LED Time & Temperature Unit. As previously discussed all this work is to be done on existing buildings. In some cases we will remove the existing signage and replace it with that advertising our client's name and logo and in other instances we will install new signage on the inside and/or outside walls of the buildings.**

The signage will be fabricated in our production facility located in San Antonio, Texas. After the signs are completed, we will deliver the signs to each of our client's locations within the State of Oklahoma. The fabricated signs will be installed in each of our client's locations by an Oklahoma resident company who has already secured the pertinent installation permits."

Based on the above information, sales tax would be due on the sale of the new signage, since your company will deliver the signs to each of your client's locations in Oklahoma and have an Oklahoma company to perform the installation. is required to charge sales tax on the gross receipts of the sale. All applicable state, city and county sales tax are remitted to the state for appropriate disbursements to city and county governments. See the comments noting sales and use tax rates. Please note in Commission Rule 710:65-19-311, services related to the sale of signs are not subject to sales tax. Separately stated charges for installation and repairs, etc. are not subject to sales tax.

This response applies only to the circumstances set out in your request of June 15, 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