OKLAHOMA TAX COMMISSION

TAX POLICY AND RESEARCH DIVISION
TONY MASTIN, DIRECTOR

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July 14, 2004

Our File Number LR-04-145; Taxability of installation and/or equipment

Dear

This is in response to your inquiry regarding the taxability of installing equipment. Please be advised that 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 (Copies are enclosed). 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 installation of the equipment (TV receivers) is not subject to sales tax when separately stated on the invoice from the sale of any equipment. However, you stated that the invoice states the price of each unit, which indicates a sale has taken place. If the units are sold to the private homeowners then sales tax would be due on the price of each unit sold.

Additionally, the commission your client receives from the vendor would not be subject to sales tax but rather income taxes.

Sincerely,

Brenda J. Sullivan

Brenda J. Sullivan
Tax Policy Analyst

Enclosure