

November 30, 2004

Re: Our File Number LR-04-160; Sales tax on a minimum order service charge

Dear

This is in response to your inquiry concerning whether sales tax is due on a service charge that is imposed by your company on orders it receives that do not total \$100.00 or more.

Since the fee is charged on all orders of under \$100.00 and since it is not related to any additional work done by your company in preparing or delivering the goods purchased, the service charge is not a "delivery charge" nor a handling charge, but is part of the "gross receipts" of the sale and is subject to sales or use tax. Please see the definitions of the terms used in this paragraph that are set out in Oklahoma Tax Commission Rule 710:65-1-2 and the language in Rule 710:65-1-3 concerning the computation of the tax. Copies of these rules are attached.

This response applies only to the circumstances set out in your request of July 22, 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

Michael G. Pillow
Tax Policy Analyst