

OKLAHOMA TAX COMMISSION

TAX POLICY AND RESEARCH DIVISION
TONY MASTIN, DIRECTOR

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December 21, 2004

RE: Our File Number LR-04-250; Taxability of rental equipment for tax exempt contract

Please be advised that the statutory definition of a sale includes the exchange, barter, lease, or rental of tangible personal property, the rental of equipment or tools that are necessary in carrying out a project for an exempt entity would be exempt from sales tax. See Commission Rule 710:65-1-2.

Additionally, Oklahoma Tax Commission rules 710:65-1-7, 710:65-19-55 and 710:65-19-56 deal with the limited exceptions which allow contractors to make exempt purchases from sales tax based on the sales tax exemption of those entities that are exempt from sales tax. The documentation that should be obtained to allow a vendor to be relieved of sales tax on purchases by a contractor who is making the purchases pursuant to a contract with the limited types of entities allowed exemption by statute is set out in Oklahoma Tax Commission Rule 710:65-7-6. Copies of these rules are enclosed.

This response applies only to the circumstances set out in your request of December 9, 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
Tax Policy Analyst

Enclosures