

# OKLAHOMA TAX COMMISSION

TAX POLICY AND RESEARCH DIVISION  
TONY MASTIN, DIRECTOR

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April 29, 2005

Re: Our File Number LR-05-004; Sales tax on the sale of an InVision HR Rapid Prototyping Machine.

Dear \_\_\_\_\_

This is in response to your inquiry concerning the sales tax that is due on the sale to "sale number 1" and the subsequent resale, "sale number 2" to \_\_\_\_\_ thereafter \_\_\_\_\_ of the machine referenced above.

A review of the records of the Oklahoma Tax Commission did not reveal any valid Sales Tax Permits or Manufacturers Sales Exemption Permits issued in the names for any party listed as the buyer on your invoice number 107432.

Since the machine was installed in Oklahoma by your agent, \_\_\_\_\_ your company has sufficient physical connection with Oklahoma to require it to register and collect and remit the sales tax on "sale number 2", its sale of the machine to \_\_\_\_\_ in accordance with 68 O.S. Section 1354 and Oklahoma Tax Commission Rule 710:65-15-1.

When charged, the sales tax will become a part of the price and it will be collectible as any other debt, as specified in 68 O.S. Section 1361(B). A Oklahoma Sales Tax Report form to be used to report the sale and remit the tax is available on our website:

[www.oktax.state.ok.us](http://www.oktax.state.ok.us)

In order to avail themselves of the exemption from sales tax on purchases of goods that are made for resale, residents of Oklahoma must obtain sales tax permits. As noted above by having an agent enter into Oklahoma for the purpose of installing the machine and to provide customer training in connection with "sale number 2", \_\_\_\_\_ became responsible for the duties borne by a resident of Oklahoma. Since \_\_\_\_\_ did not obtain a sales tax permit, it may not make purchases of goods ("sale number 1"), exempt from sales tax, even if it is going to

resale them ("sale number 2"). Please see 68 O.S. Section 1357(3) and Oklahoma Tax Commission Rule 710:65-13-200.

Additionally, by having agents operating in the state, \_\_\_\_\_ which is a corporation, is responsible for Oklahoma franchise tax and may have Oklahoma income tax responsibilities.

It is suggested that \_\_\_\_\_ seek its own legal counsel concerning whether or not \_\_\_\_\_ owes the sales tax that was due on "sale number 1", \_\_\_\_\_ purchase of the equipment in addition to the sales tax that \_\_\_\_\_ owes as a result of its purchase, "sale number 2".

The contents of this letter ruling file are being forwarded to the Director of the Audit Division and the Assistant Director of the Collections Division for their review and action as may be appropriate.

The statutes referenced above may be viewed at the following website by entering the appropriate section number as the search term:

[www.oscn.net/applications/oscn/search.asp?simple=true](http://www.oscn.net/applications/oscn/search.asp?simple=true)

The rules referenced above may be viewed at the following website by entering the rule number as the search term:

[www.oar.state.ok.us/oar/codedoc02.nsf/](http://www.oar.state.ok.us/oar/codedoc02.nsf/)

This response applies only to the circumstances set out in your request of January 3, 2005. 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