OKLAHOMA TAX COMMISSION

TAX POLICY AND RESEARCH DIVISION
TONY MASTIN, DIRECTOR

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

October 12, 2005

Re: Our File Number LR-05-019A; Sales tax on the sale of aircraft parts

This is in response to your inquiry concerning the taxability of aircraft parts when sold as part of a transaction in which airplanes are serviced and maintained and repair parts are physically attached to and leave with the plane.

Since the passage and approval of House Bill 1577 of the just past legislative session, which amended 68 O.S. Section 1357 by making sales of aircraft parts exempt, and which was effective July 1, 2005, purchases and sales of aircraft parts by
have been exempt from state, city and county sales and use taxes.

Purchases of items used by that are necessary to the provision of the services provided by o its customers, but which do not become a part of the customer's airplanes, are taxable to ' when they are purchased. If they are purchased from an out of state vendor who is not required to collect Oklahoma use tax, the use tax, both state and local must be remitted directly to the state by

If has either paid sales tax to its vendors on aircraft parts that it could have purchased exempt, or has accrued sales or use tax on aircraft parts it purchased from vendors who were not required to collect sales or use tax in Oklahoma, it may request a refund of the tax paid. A refund of tax paid in error to a vendor may be requested either from the vendor or directly from the Oklahoma Tax Commission in the same manner as a refund request of taxes paid directly to the Oklahoma Tax Commission. Forms for requesting a refund of sales or use taxes paid in error (BT 13-9) are enclosed.

If incorrectly charged, collected and remitted sales taxes on its sales of aircraft parts to its customers after the statute change noted above, it may use the same form to request a refund of the taxes which were incorrectly charged. A refund of taxes charged and

remitted in error will only be made after the taxes have been refunded to the customer's of

This response applies only to the circumstances set out in your requests of October 7 and 10, 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

OKLAHOMA TAX COMMISSION

TAX POLICY AND RESEARCH DIVISION
TONY MASTIN, DIRECTOR

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

May 19, 2005

Re: Sales tax on the provision of overnight aircraft maintenance services
Our File Number LR-05-019;

This is in response to your inquiry concerning the subject referenced above.

While the labor charges for the provision of aircraft maintenance services are not subject to sales tax in Oklahoma, sales of aircraft parts or other property, where title and possession transfer to your customers, are subject to sales tax.

Since is involved in the sale of aircraft parts, it is required to hold an Oklahoma Sales Tax Permit. It may then make purchases of the parts, exempt from sales tax, as purchases for resale.

Based on your description of the operations of it does not appear that the sales of parts or other tangible personal property made by would be exempted from sales tax, since the requirements for the two exemptions that do exist for the sale of aircraft parts, which may be found at 68 O.S. Section 1357, Subsection 18 and Subsection 26, are either not met by your company or the particular sales that makes at its Tulsa location are not covered by the exemption.

purchases of items that are necessary to the provision of the services it sells, where title or possession does not transfer to your customers, are taxable when they are purchased. If these taxable items are purchased in Oklahoma, sales tax should be paid on them at the time of purchase. If they are purchased outside Oklahoma and are brought into Oklahoma for use, use tax should be paid on them. If the out of state vendor from which they are purchased is required or has volunteered to collect Oklahoma use tax, the tax should be

paid to the vendor. Otherwise, is required to accrue and remit the state and local use taxes based on the tax rates in effect at the location where they will be used.

An unofficial copy of 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

This response applies only to the circumstances set out in your request of February 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