OKLAHOMA TAX COMMISSION

TAX POLICY AND RESEARCH DIVISION
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April 6, 2005

RE: Taxability of Internet accounting service

This is in response to your request for a determination regarding accounting service that it provides through the Internet using server and software. I have restated your summary of service below followed by our response.

"The following is a summary of our service:

Sales Tax Determination

1. Servias plans to offer an accounting service to small businesses initially in Oklahoma and New Mexico.
2. Customers will access the Server located in Alburquerque, NM, through the Internet.
3. Customer will be able to enter business transaction through their PC(s) and will process the transactions using accounting software.
4. A server will handle multiple small businesses.
5. No customer will own any part of the server or software.
6. The customer will be charged a monthly usage fee.
7. All information entered by the customer is owned by the customer.
8. The customer is not paying for any tangible product.
9. The customer is not shipped the accounting software: they access it through the Internet.
10. Any reports generated by the server are printed on the customer's printer through the Internet."

The above transactions fall within Oklahoma Tax Commission Rule 710:65-19-156 subsections (b) (3) and (5), Internet-related services and transactions, and would not be subject to sales tax. Please find a copy of the rule enclosed.

This response applies only to the circumstances set out in your request of January 31, 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,

Brenda J. Sullivan
Tax Policy Analyst

cc: David Webb, Deputy Director, Taxpayer Assistance Division
Enclosure