

OKLAHOMA TAX COMMISSION

TAX POLICY AND RESEARCH DIVISION
TONY MASTIN, DIRECTOR

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



June 27, 2005

Re: Our File Number LR-05-036; Sales Tax on the sale of "backyard sheds"

Dear

This is in response to your inquiry concerning the taxation of the sale of storage buildings or "backyard sheds" manufacturers and sells.

In your letter you state that the "sheds" are not on a permanent foundation and that they are portable. You also stated that they are manufactured in shop in and when they are sold, they are assembled on site.

customer purchases the "sheds" only when they have made a sale of the "shed" to their own customer, on whose property it will be placed.

Since the "shed" is not an improvement to real property, is a vendor making sales of tangible personal property. is not acting as a contractor since it is not improving real property. As a vendor, is responsible for either charging sales tax on its sales, or if it desires to be relieved of liability from charging sales tax, it must obtain the documentation required by the Oklahoma Tax Commission Rules 710:65-7-6 and 710:65-7-8 for its sales to its customers that are "sales for resale." customer, in turn, will be responsible for collecting sales tax on its sales to the property owner who is the taxable "consumer" of the "shed" as defined in Rule 710:65-1-2.

If does not obtain the required documentation from its customer, it may be held liable for charging sales tax on its sales, even though the sales were sales for resale and even though sales tax will still be due on the sale by : customer to the "consumer" property owner.

The treatment of the sale of a storage shed as the sale of tangible personal property can be contrasted to the treatment of contracts for the building of garages and carports, which your

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letterhead implies also builds. If contracts with a company to build a garage or carport, since a garage or carport is an improvement to real property, is a contractor and is therefore the taxable consumer of the materials used to build the garage or carport. would owe sales tax on the purchase of the materials used in the construction and would not charge its customer sales tax on the contract price. Instead, the sales tax that would owe on the materials would have to be included in the contract price.

Unofficial copies of the rules noted in this letter ruling can be viewed at the following website:

www.oar.state.ok.us/oar/codedoc02.nsf

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