OKLAHOMA TAX COMMISSION

TAX POLICY AND RESEARCH DIVISION
TONY MASTIN, DIRECTOR

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May 19, 2005

Re: Our File Number LR-05-05-066; Tax status of

Dear

This is in response to your request for a ruling to consider providing a sales tax exemption to for the purpose of making purchases of merchandise from educational supply vendors on behalf of schools and teachers.

Please be advised that a nonprofit organization is not exempt from paying sales tax on its purchases of tangible personal property or taxable services unless specifically exempt under the Oklahoma Sales Tax Code. The statute does not identify the as being sales tax exempt. Purchases made by , on which sales tax is levied by 68 O.S. Section 1354, are taxable notwithstanding the status of as a " 501 (c) 3" entity. The fact that is exempt from federal and state income tax does not give it an exemption from paying sales tax on purchases of tangible personal property that come under the levy of the sales tax code. This position is based on Oklahoma Tax Commission Rule 710:65-19-44, copy enclosed. A 501 (c) organization is considered to be the taxable consumer/user in Oklahoma and as such will be required to pay four and one-half percent (4 ½%) state and applicable city and county sales tax on its purchases.

Although sales to schools are exempt, purchases made with funds of students, faculty sponsors, and sponsoring organizations are not exempt, even if those students, faculty members, etc. are to be reimbursed for their expenses at a later date by the public or private school. In other words, purchases made with other than public funds of a public school or funds of a private school are subject to sales tax.

This response applies only to the circumstances set out in your request of April 21, 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 completed 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

Brenda J. Sullivan
Tax Policy Analyst

Enclosure