July 20. 2005

Re: Our File Number LR-05-069; Sales tax on sales of modular housing units.

Dear

This is in response to your inquiry concerning the charging of sales tax on the sale of modular housing units.

A modular housing manufacturer that has a physical connection with Oklahoma is responsible for collecting and remitting either sales or use tax on 55% of the gross proceeds of each sale of a modular housing unit, unless the sale is otherwise exempt. The terms of the sale will determine if the sale is subject to sales tax, or if instead, whether it is subject to use tax and also whether the sale is exempt, as would be the case for a sale for resale to a dealer, where the dealer has a valid Oklahoma sales tax permit.

Please note that the manufacturer having a representative in Oklahoma, for any length of time, is sufficient physical connection to subject a seller to register and collect and remit Oklahoma's use tax along with any local use tax due, on any sales of tangible personal property sold for use in Oklahoma.

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