OKLAHOMA TAX COMMISSION

TAX POLICY AND RESEARCH DIVISION
TONY MASTIN, DIRECTOR

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July 29, 2005

Re: Our File Number LR-05-089; Sales Tax on Reimbursements for Property Tax

Dear

This is in response to your inquiry concerning whether sales tax is due on charges by a lessor for the amounts billed to a lessee to reimburse the lessor for personal property taxes that are due on the leased property.

A lessee owes sales tax on the amounts charged by the lessor for property taxes imposed directly on the lessor if the lease agreement requires the lessee to reimburse the lessor for property taxes that become due and are paid by the lessor. This response is based on Oklahoma Tax Commission rule 710:65-1-11 that specifically provides that sales tax is to be charged on "vendor payments for insurance and property taxes."

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 May 26, 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