OKLAHOMA TAX COMMISSION

TAX POLICY AND RESEARCH DIVISION
TONY MASTIN, DIRECTOR

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

October 4, 2005

Re: Our File Number LR-05-163A; Sales tax on aircraft rentals

Dear :

In our letter ruling number LR-05-163, which was dated September 30, 2005, I gave an inexact answer to your fourth question which concerned sales tax on aircraft rentals.

To your question which asked, "Aircraft rental is it subject to sales tax", I answered "the rental or lease of aircraft is not subject to sales tax in Oklahoma." I should have responded, "the lease or rental of aircraft in Oklahoma is exempt from sales tax if Oklahoma aircraft excise tax has been paid on the aircraft or the aircraft is specifically exempt from the payment of Oklahoma aircraft excise tax."

Please make note of this change in the original copy of the letter. I apologize for any inconvenience this error may have caused.

This response applies only to the circumstances set out in your request of September 15, 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

OKLAHOMA TAX COMMISSION

TAX POLICY AND RESEARCH DIVISION
TONY MASTIN, DIRECTOR

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

September 30, 2005

Re: Our File Number LR-05-163; Sales tax on the sales related to the aviation industry

Dear

This is in response to your inquiry concerning the sales taxability of certain sales your company makes. I have set out your fact situation and your questions below and each is followed by our response:

"I would like some clarification on what is exempt and what is not. I am a fully service FBO (Fixed Base Operator) maintenance, repairs to aircraft, Aircraft Rental and fuel sales."

1. "I am verifying that all parts and repair in the shop are not subject to Sales tax"

Response: The sale of aircraft repair parts are not subject to sales tax in Oklahoma. Labor charges for the repair or maintenance of aircraft are also not subject to sales tax in Oklahoma.

2. "What about oil that I put in an aircraft when I do an oil change? I assume the oil filter would not be taxed but not sure about the oil?"

Response: The sale of oil for aircraft engines is also not subject to sales tax in Oklahoma.

3. "Then depending on the above answer what about when I sell oil to an individual?"

Response: The sale of oil for aircraft engines is not subject to sales tax in Oklahoma.

4. "Aircraft rental is it subject to sales tax?"

Response: The rental or lease of aircraft is not subject to sales tax in Oklahoma.

5. "What about Aircraft charts that the FAA require the pilot to have in the aircraft?"

Response: The sale of aircraft charts is subject to sales tax in Oklahoma.

6. "Pilot supplies I assume would be taxed"

Response: The exemption for the sale of aircraft parts which was amended by House Bill 1577 of this year's legislative session was not extended to pilot supplies.

7. "Aircraft fuel tax would remain the same."

Response: The taxation of aircraft fuel was not changed this legislative session.

This response applies only to the circumstances set out in your request of September 15, 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.

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