

September 29, 2006

Re: Oklahoma Sales Tax on Lifeline Customers; Our File No. LR-05-191

Dea:

I am writing in response to your correspondence addressed to Mr. Mastin requesting confirmation that your client is correctly calculating sales tax on charges to its Lifeline customers for telephone services.

It is my understanding from the information provided that your client bills its Lifeline customers only for the service—in the example provided a \$1.00 charge. In addition to the charge for the service, applicable taxes, fees, and surcharges are detailed on the customer's bill. State and local sales taxes are only calculated on the \$1.00 charge for the service. No Oklahoma Lifeline Fund credits are reflected on the customer's bill. Therefore, your client's sales tax treatment of charges for telephone service to its Lifeline customers is correct.

This response applies only to the circumstances discussed in your request of September 27, 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 there has been no change in applicable law.

Sincerely,

OKLAHOMA TAX COMMISSION

Christy J. Caesar
Tax Policy Analyst