# OKLAHOMA TAX COMMISSION

TAX POLICY AND RESEARCH DIVISION
TONY MASTIN, DIRECTOR

PHONE (405) 521-3133
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November 3, 2006

Re: Our File Number LR-06-018; Manufacturing Exemption

This is in response to your inquiry concerning the sales and use tax exemption for manufacturers as it pertains to pollution control equipment purchased either by manufacturers or purchased by contractors improving real property owned by manufacturers.

Tangible personal property purchased by manufacturers that hold Manufacturers' Sales Exemption Permits, which is purchased for use in a manufacturing operation, at a manufacturing site, and which is not purchased for use in the areas of sales, administration, site maintenance, site construction, transportation or distribution, may be purchased exempt from sales or use tax in Oklahoma. Whether a particular sale meets these parameters is a question of fact and must be decided upon based on the factual circumstances of each sale. If you have purchases that you believe have incorrectly been taxed, you should request a refund of the tax you believe to have been paid in error. The refund request should be addressed to:

Credit and Refund Section
Account Maintenance Division
Oklahoma Tax Commission
2501 N Lincoln Blvd
Oklahoma City OK 73194

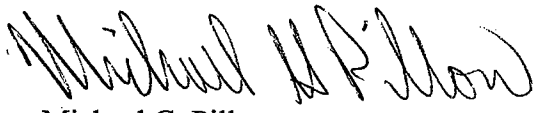
Purchases by contractors and subcontractors of tangible personal property to be incorporated into real property belonging to a manufacturer are taxable. However, under certain circumstances, a manufacturer with an SIC Code that indicated they were a manufacturer, could get a refund of sales taxes paid by the contractor or subcontractor on the tangible personal property used to build a manufacturing plant for a "qualified manufacturer". Effective November 1, 2006, the requirement that the "qualified manufacturer" be in an SIC Code that indicated they were a manufacturer was removed, with the result that projects of electric power generators qualify after that date.

If you believe that your company has a project that qualifies after November 1, 2006, you should contact the Credit and Refund Section of the Account Maintenance Division at (405) 521-3270 or by letter at the address above and request instructions on how to apply for the refund to a "qualified manufacturer" pursuant to Oklahoma Tax Commission Rule 710:65-13-153.

This response applies only to the circumstances set out in your request of January 24, 2006. 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
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