

OKLAHOMA TAX COMMISSION

TAX POLICY AND RESEARCH DIVISION
TONY MASTIN, DIRECTOR

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August 25, 2006

Re: Our File Number LR-06-026; Sales tax on the sale of labor services to perform the installation and maintenance of telecommunications equipment

Dear Taxpayer:

This is in response to your inquiry concerning the subject referenced above.

The levy of the sales tax is found at 68 O.S. Section 1354. The portion of that section that relates to the question you have raised is set out below:

“A. There is hereby levied upon all sales, not otherwise exempted in the Oklahoma Sales Tax Code, an excise tax of four and one-half percent (4.5%) of the gross receipts or gross proceeds of each sale of the following:

4. Telecommunications services that originate and terminate in this state and that originate or terminate in this state and are charged to the consumer's telephone number or account in this state regardless of where the billing for such service is made, all mobile telecommunications services that are sourced to this state pursuant to the federal Mobile Telecommunications Sourcing Act, 4 U.S.C., Sections 116-126, and all local telecommunications service and rental charges, including all installation and construction charges and all service and rental charges having any connection with transmission of any message or image.”

Note that the language after the last comma is unchanged from the language quoted in my 1996 letter, with the result that the charges your business makes to its customers for installation and maintenance of telecommunications equipment are still subject to sales tax.

I have enclosed a copy of the above referenced section along with the Oklahoma Tax Commission Rule (710:65-19-329) which also makes charges for the maintenance, installation, and servicing of telecommunications equipment taxable.

This response applies only to the circumstances set out in your request of February 1, 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

A handwritten signature in black ink, appearing to read "Michael G. Pillow". The signature is written in a cursive, flowing style.

Michael G. Pillow
Tax Policy Analyst