OKLAHOMA TAX COMMISSION

TAX POLICY AND RESEARCH DIVISION
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September 14, 2006

Re: Our File Number LR-06-032; Sales tax on Internet Access Services

This is in response to your inquiry concerning the subject referenced above. I have set out your questions below and each is followed by our response:

1. "Does your state claim to tax Internet access as one of the original grandfathered states? (i.e., a state whose taxation of Internet access services dates back to October 1, 1998)"

Response: No.

2. "If not, is your state among those states whose taxation of DSL and other broadband transmission services was temporarily grandfathered in by ITNA but has now expired?"

Response: No.

3. "Conversely, does your state take the position that broadband transmission services such as DSL remain taxable even after Nov. 1, 2005, despite the apparent prohibition established by ITNA? (if so please explain why.)

Response: No.

4. Finally, does your state draw any distinction between the taxability of Internet access provided over **DSL** vs. Internet access provided through a **cable modem connection**?

Response: No, the Oklahoma Tax Commission rule concerning internet services and transactions does not distinguish between internet access provided over DSL, cable

modem, dialup or any other method. All charges for access to the Internet are exempt from sales tax in Oklahoma. Please see OAC 710:65-19-156.

This response applies only to the circumstances set out in your request of February 22, 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
Tax Policy Analyst