OKLAHOMA TAX COMMISSION

TAX POLICY AND RESEARCH DIVISION
TONY MASTIN, DIRECTOR

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April 27, 2006

Re: Our File Number LR-06-057; Sales Tax and Registration of Vehicles

This letter is in response to your request dated April 6, 2006, in which you seek written confirmation of your present understanding regarding various issues relating to the taxability of renting large trucks in Oklahoma. Following is the Tax Commission's response to your presentation of those issues:

Registration of Vehicles – Pursuant to the provisions of 47 O.S. Section 1120.1 and 68 O.S. Section 2110, your understanding that such trucks should be registered as commercial vehicles, as defined in 47 O.S. Section 1102(8), is correct. The corresponding assessment of vehicle excise tax will be levied upon the transfer of legal ownership and upon the use of any vehicle registered for the first time in this state. The certificate of title will not be branded as a rental vehicle and the rental vehicle sale restrictions you reference will not apply because there is no qualifying exemption from vehicle rental tax.

Tax Charged to Customers & Due to the Oklahoma Tax Commission – State and local sales tax will be due at the point at which the sale is sourced according to the statutes and rules. The base on which sales tax is due is the gross receipts of the rental agreements which will include the charges collected for time, for miles, for charges for additional drivers, for drop fees, for fuel reimbursement charges, or for other optional charges. Separately agreed to and separately stated charges for optional collision damage waivers, and charges for personal accident insurance and charges for supplemental liability protection if insurance coverage is issued will not be subject to sales tax. The statements in this paragraph are based on Oklahoma Tax Commission Rules 710:65-1-2; 710-:65-1-11 and 710:65-18-4.

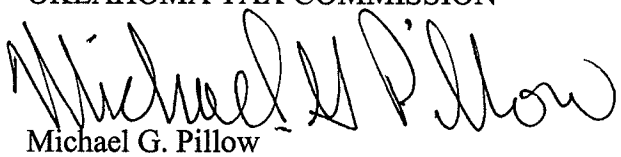
Since the vehicles will bear commercial tags, no vehicle rental tax is due and no tourism tax is due. Since the sales will be made by the same corporation as the existing rental car operations,

no further registrations or separate sales tax reporting is required. Both operations must be reported under the corporation's existing sales tax permit.

This response applies only to the circumstances set out in your request of April 10, 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



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