OKLAHOMA TAX COMMISSION

TAX POLICY AND RESEARCH DIVISION
TONY MASTIN, DIRECTOR

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September 14, 2006

Re: Our File Number LR-06-061; Back-office unbundling of telecommunications service components

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

In your letter you ask questions concerning the sales tax treatments of the components of a bill to a customer of a telecommunications company that bundles non-telecommunications services such as "Concierge Services" along with telecommunications services, and displays only one combined sum to the customer.

Your questions and our responses are:

1. "Does your state permit a company like XYZ to engage in back-office unbundling in order to separate out non-taxable components from taxable components and to calculate its tax liability accordingly, or would the entire non-itemized monthly sum of $400 be treated as *taxable*?"

Response: The statutory language levying the sales tax on sales of telecommunications services allows vendors to not charge sales tax on "nontaxable services or products" if the telecommunications "provider can reasonably identify charges not subject to the tax, charge or fee from the providers books and records kept in the regular course of business." [68 O.S. 1354(4)(d)]

2. "If back-office unbundling is a permitted option, would the entire telecommunications portion of $210 be treated as taxable, or does your state view any of the telecommunications components as being *non-taxable*?"

Response: All of the telecommunications services listed in the example in your letter are taxable in Oklahoma. Please refer to Oklahoma Tax Commission rule 710:65-19-330, a copy of which I have enclosed.

3. "As a general rule, does *your state sales tax apply to the furnishing of non-professional services*?"

Response: Oklahoma's sales tax applies only to those services specifically listed in 68 O.S. Section 1354.

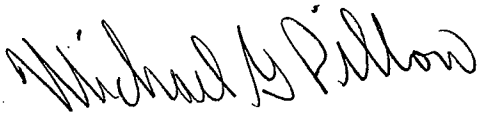
4. "Specifically, is revenue derived from the providing of 'concierge-type services' such as booking airline reservations or making other travel and entertainment arrangements taxable? Likewise, are monthly premiums for telephone insurance classified as a taxable transaction?"

Response The charges for furnishing "concierge-type services" or the charges for the premiums for "telephone insurance" would not be "services" that would be subject to sales tax in Oklahoma.

This response applies only to the circumstances set out in your request of April 11, 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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