

OKLAHOMA TAX COMMISSION

TAX POLICY AND RESEARCH DIVISION
TONY MASTIN, DIRECTOR

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June 15, 2006

Re: Sales tax exemption for

Our File No. LR-06-078

Dear

I am writing in response to your inquiry, which was forwarded to the Tax Policy Division for a response, regarding whether a general exemption letter can be issued in order for to purchase furniture and equipment for the exempt from sales tax. As indicated in your request a determination was previously made that the construction of the constituted a school construction project undertaken for the benefit of the Public School System which was financed through a nonprofit entity exempt from income taxation pursuant to 501(c)(3) of the Internal Revenue Code. Consequently, the tangible personal property and services purchased for use to construct the were sales tax exempt pursuant to 68 O.S. § 1356(41) which provides as follows:

Sales of tangible personal property or services for use on campus or school construction projects for the benefit of institutions of The Oklahoma State System of Higher Education, private institutions of higher education accredited by the Oklahoma State Regents for Higher Education or any public school or school district when such projects are financed by or through the use of nonprofit entities which are exempt from taxation pursuant to the provisions of the Internal Revenue Code, 26 U.S.C., Section 501(c)(3).

Only materials and services which are a part of the construction project are exempt under Section 1356(41) of Title 68. It does not appear that the furniture and equipment are a part of the construction of the and therefore cannot be purchased by exempt from sales tax.

However, existing exemptions would allow other entities to purchase the furniture and equipment for the exempt from sales tax. For example Section 1356(10) exempts sales of tangible personal property and services to any public school

district and Section 1356(13) of Title 68 exempts sales of tangible personal property to nonprofit parent-teacher associations or parent-teacher organizations which are exempt from income taxation pursuant to 501(c)(3) of the Internal Revenue Code.

Sincerely,

OKLAHOMA TAX COMMISSION

A handwritten signature in cursive script that reads "Christy J. Caesar".

Christy J. Caesar
Tax Policy Analyst