

# OKLAHOMA TAX COMMISSION

TAX POLICY AND RESEARCH DIVISION  
TONY MASTIN, DIRECTOR

PHONE (405) 521-3133  
FACSIMILE (405) 522-0063



October 19, 2006

Re: Our File Number LR-06-110A; Sales Tax on Sales of Databases

Dear

This is in response to your letter in which you ask for further clarification on your company's third product, the "Connect" product which can be delivered either electronically via ftp or delivered tangibly on a CD.

You are correct in that if the product is delivered electronically via ftp, it is not subject to sales tax but if it is delivered via tangible personal property via a CD, it is taxable.

This response applies only to the circumstances set out in your request of September 29, 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 that reads "Michael G. Pillow".

Michael G. Pillow  
Tax Policy Analyst

# OKLAHOMA TAX COMMISSION

TAX POLICY AND RESEARCH DIVISION  
TONY MASTIN, DIRECTOR

PHONE (405) 521-3133  
FACSIMILE (405) 522-0063

September 11, 2007

Re: Our File Number LR-06-110; Sales Tax on Sales of Databases

Dear

This is in response to your inquiry concerning sales taxes on the sale of the databases sold by your company. The three types are:

- Knowledgebase Hosted Product
- Knowledgebase Self-Hosted Product
- Connect-FTP and CD Delivery

According to your letter and our recent telephone conversation, "Knowledgebase Hosted Product" and "Knowledgebase Self-Hosted Product" are software databases that are delivered electronically. Pursuant to 68 O.S. Section 1357, and OAC 710:65-19-156, sales of prewritten computer software that is delivered electronically are exempt from sales tax in Oklahoma. Therefore, these products are exempt when sold in Oklahoma.

However, the third product, "Connect FTP and CD Delivery" involves not only the electronic delivery of the database, it also involves the delivery of tangible personal property, i.e., a CD. Therefore, the charge for this product is subject to sales tax in Oklahoma.

This response applies only to the circumstances set out in your request of June 28, 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