OKLAHOMA TAX COMMISSION

TAX POLICY AND RESEARCH DIVISION
TONY MASTIN, DIRECTOR

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

August 22, 2006

Re: Our File Number LR-06-128; Sales tax rule on Contractors with Churches

Dear

This is in response to your inquiry concerning the subject referenced above. The language about which I believe you are inquiring was included in Section 11 of Senate Bill 1084 and it added subsection (60) to Section 1356 of Title 68 of the Oklahoma Statutes, effective August 25, 2006, which exempted:

> " 60. Sales of tangible personal property or services to any person with whom a church has duly entered into a construction contract, necessary for carrying out such contract or to any subcontractor to such construction contract."

The Tax Policy Division is working on amendments to the current rules that relate to the ability of contractors to make purchases exempt from sales tax for the few types of transactions in which they are allowed to do so. Language is being added to include sales by vendors to contractors and subcontractors with churches as an additional type of transaction where the vendors are allowed to exempt the purchases of contractors or subcontractors. Language is being added to require the vendors to follow the same requirements that they follow when they make sales to contractors or subcontractors with public schools or cities or counties in order for the vendors to be relieved of the liability of charging sales tax on the sales to the contractor or subcontractor with a church.

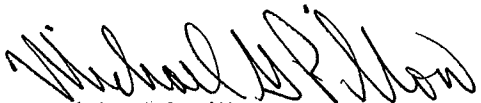
This would require the vendors to obtain:

(1) A **copy** of the exemption letter or card issued to the church;
(2) Documentation indicating the contractual relationship between the contractor or subcontractor and the church; and,
(3) Certification, on the face of each invoice or sales receipt, setting out the name of the church, that the purchases are being made on behalf of the church, and that they are necessary for the completion of the contract.

This response applies only to the circumstances set out in your request of August 15, 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

cc: Brenda Sullivan