OKLAHOMA TAX COMMISSION

TAX POLICY AND RESEARCH DIVISION
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January 10, 2007

Our File No. LR-06-163, (Sales Tax) Clarification of taxability of dyed diesel fuel.

Dear

This letter is in response to your inquiry as to sales of dyed diesel fuel being subject to Oklahoma Sales Tax.

Sales Tax is due on all sales of dyed diesel fuel unless the sales are specifically exempted by statute. The sale of dyed diesel fuel to an entity who is not using the fuel for agricultural purposes or, a sale to an entity who is not specifically contracted by a recognized exempt entity shall be subject to sales tax as referenced under Tax Commission Rules 710:65-7-13 and 710:65-13-180 (Copies enclosed).

Your example of a construction company that purchases fuel to operate a backhoe and dozer does not qualify in its self as being an exempt entity unless the company has a contract with one of the specified entities whose contractors are allowed to purchase exempt pursuant to their contract. If a company is contracted as such, you must obtain the required documentation validating the fact that such fuel is being used specifically in work contracted by an exempt entity as provided for in Rule 710:65-7-13.

If you should have any questions or need additional information you may contact me at 405-521-3133.

This response applies only to the circumstances set out in your request of October 3, 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.

Sincerely,
Oklahoma Tax Commission

Mark Hendrix
Tax Policy Analyst