

OKLAHOMA TAX COMMISSION

TAX POLICY DIVISION
DAWN CASH, DIRECTOR

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

March 7, 2007

RE: Our File Number LR-06-176; Sales tax status of

Dear

This is in response to your inquiry concerning the collection and remittance of Oklahoma sales tax based on the fact scenario of your business activities

I have scanned your fact scenario into this letter, followed by our response.

“Detailed Description of my work at

I am a Graphic Artist. I am NOT a printer. Clients come to me when they need a logo created, a brochure, a magazine ad, a poster, a web site, a custom t-shirt graphic. My clients pay for my creative time at \$85.00 an hour. Most of the items I design are for another company so they can promote their business, brochures, buss, cards, logos, etc. Most of the t-shirt designs I do are for promotional giveaways. When I design something for a client, most of the time the finished design (files) are emailed to the client. There are some instances where I will burn their art to a disc and mail it to them. 99% of the time, the art I am creating is not re-sold to anyone, it is for the clients promotional use. There are some instances where I might take care of getting the clients buss. cards or t-shirts printed and deliver them. No profit is made from this, I just charge them the cost of the item from an outside print source and 1 hour of my time for doing the foot work. Hope this helps, if you have any other questions, please free to contact me.”

Based on the above facts, your business activity is similar to advertising agencies (see Commission Rule 710:65-19-2) since you are “not a printer” which differentiates your services from graphic arts production services, i.e. provides printing of graphic arts (see Commission Rule 710:65-19-267). You may reference the rules at our website: www.oktax.state.ok.us

Therefore, you should pay sales tax at the time of purchase on all material for use in performing your services. The subsequent transfer of materials to your clients, i.e. finished design (files) and art on disc are not subject to the tax. However, in the instances where you provide your client with printed material such as business cards and t-shirts, which makes this aspect of your business subject to the rules pertaining to printers, for such sales you are required to collect and remit sales tax.

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

A handwritten signature in cursive script that reads "Brenda J. Sullivan". The signature is written in black ink and is positioned to the right of the typed name.

Brenda J. Sullivan
Tax Policy Analyst