OKLAHOMA TAX COMMISSION

TAX POLICY AND RESEARCH DIVISION
TONY MASTIN, DIRECTOR

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December 11, 2006

Re: Our File Number LR-06-177; Requirement to hold a sales tax permit

Dea

This is in response to your inquiry concerning whether a subsidiary of is required to hold an Oklahoma Sales Tax Permit in order to make purchases of propane, butane and LPG's exempt from sales tax. I have copied your statement of facts into this letter along with the three questions you have asked in your email. Our responses follow each question.

Statement of Facts

currently holds a Special Fuels Use Excise Tax License for its sales and purchases of Propane, Butane's and LPG's (NGL's) in Ok. Its primary business is the buying and selling of NGL's to other Registered Special Fuels holders and to out of state companies. may take delivery of the product via company or common carrier truck, rail, or pipeline.

Questions

1) Whether needs to be permitted for sales and use tax purposes.

Response: If is selling only to holders of Special Fuel Dealers Licenses or Special Fuel Users Licenses, or where the fuel is to be delivered to your customers out side of Oklahoma, it does not need to be permitted for sales and use tax purposes.

2) What if anything needs to provide to its vendor's to prove exemption from SUT purposes.

Response: should provide its vendors a copy of its Special Fuel Dealers License. Since that license implies that the fuel is being sold subject to the special fuel tax and that special fuel tax will be paid on the fuel, the exemption from sales tax found at 68 O.S. Section 1355(1) is applicable.

3) What if anything needs to request from it's customers to prove exemption from SUT and Excise tax purposes.

Response: should request a copy of its customers' Special Fuel Dealers Licenses or its customers' Special Fuel Users Licenses to prove their exemption from Sales/Use and for Special Fuel Excise Tax purposes.

This response applies only to the circumstances set out in your request of October 18, 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