

OKLAHOMA TAX COMMISSION

TAX POLICY DIVISION
DAWN CASH, DIRECTOR

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May 21, 2007

Re: Our File Number LR-07-003; Sales tax on sales of signs and services relating to signs.

Dear

This is in response to your inquiry concerning the sales your company makes in Oklahoma. I have set out your questions below and each is followed by our response.

Your question No. 1: What is taxable to our customer? Are charges for installation, removal of old signs, crating, freight and city permits taxable? What about the material and labor to connect the sign to electricity? Occasionally a customer will ask us to patch & paint a wall where a sign was removed. Is this taxable?

Response to question No. 1: Charges for the sale of the sign are taxable, including any charges for the manufacturing of the sign. Separately stated and separately agreed to labor charges for installation of the new sign, removal of old sign, crating, freight and to reimburse your company for the cost of city permits are not subject to sales tax. Separately stated charges for labor to connect the sign to electricity are not taxable. Charges for materials used to connect the sign to electricity are taxable. Charges for painting a wall, if separately stated from the charge for the sign, are not taxable.

Your question No. 2: What is taxable when we hire an independent contractor to do repairs on signs?

Response to question No.2: The sale of the repair parts is taxable when you hire an independent contractor to do repairs on signs. If the labor charges for the repair are separately stated, the labor charges are not subject to sales tax.

This response applies only to the circumstances set out in your request of December 21, 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". The signature is written in a cursive style with a large, stylized initial "M".

Michael G. Pillow
Tax Policy Analyst