

OKLAHOMA TAX COMMISSION

TAX POLICY DIVISION
DAWN CASH, DIRECTOR



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November 30, 2007

RE: LR-07-010
Sales Tax Inquiry

Dear

Please forgive our late response to your request that was sent to us on January 19, 2007 in reference to sales that were to be reported on your February sales taxes. You had inquired if you were to purchase "beanie babies" at \$2.50 and sell them for \$5.00 dollars, sales tax, would be applicable if you sent \$2.50 to the March of Dimes for each sale.

Our response:

The transaction is subject to sales tax at the selling price of the merchandise, in this case \$5.00. Even though you were donating the profits from the sales to a charitable organization, this does not change the applicability of sales taxes to the transaction.

If you did not remit the tax or the full amount of the tax, then an amended sales tax return must be filed for the month of January 2007.

710:65-1-9. Gross receipts, gross proceeds, and sales price

(a) **General provisions.** The gross proceeds, gross receipts, or sales price reported by the taxpayer must include the total receipts from all sources, including cash from sales, charge sales, credits, services, and property other than cash accepted as consideration. Sales tax reports are to be filed on an accrual accounting basis. Sales tax should be reported and remitted for the month that the sale is made regardless of whether payment is received, charged, deferred, or otherwise to be made in the future, and regardless of the time or manner of payment.

(b) **Scope of "gross receipts", "gross proceeds", or "sales price".** "Gross receipts", "gross proceeds", or "sales price" means the total amount of consideration, including cash, credit, property and services, for which personal property or services are sold, leased or rented, valued in money, whether received in money or otherwise, without any deduction for the following:

- (1) The seller's cost of the property sold;
- (2) The cost of materials used, labor, or service cost;
- (3) Interest, losses, all costs of transportation to the seller, all taxes imposed on the seller, and any other expense of the seller;

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(4) Charges by the seller for any services necessary to complete the sale, other than delivery and installation charges;

(5) Delivery charges and installation charges, unless separately-stated on the invoice, billing, or similar document given to the purchaser; and,

(6) The value of exempt personal property given to the purchaser, where taxable and exempt personal property have been bundled together and sold by the seller as a single product or piece of merchandise.

This response applies only to the circumstances discussed in your written request of January 19, 2007. 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 there has been no change in applicable law.

If you should have any questions, please feel free to contact me.

Sincerely,

Oklahoma Tax Commission



Marc Morrison

Tax Policy & Research Division