

OKLAHOMA TAX COMMISSION

TAX POLICY DIVISION
DAWN CASH, DIRECTOR

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



March 12, 2007

Re: Treatment of an out-of-state drop shipment; Our File No. LR-07-041

Dear _____ :

I am writing in response to your inquiry regarding the treatment of an out-of-state drop shipment. It is my understanding from our telephone conversation of March 9, 2007 that _____ is selling to a vendor who in turn is selling to an entity in Oklahoma.

_____ will cause the goods to be delivered to the entity in Oklahoma—the goods will be shipped by common carrier from an inventory outside of Oklahoma. The vendor is located in Texas, has no physical connection with Oklahoma and does not have an Oklahoma sales tax permit.

Oklahoma will recognize the sale from _____ to the Texas vendor/reseller as an exempt sale for resale since the Texas vendor has no physical connection with Oklahoma and the goods to be sold will be shipped into Oklahoma via common carrier from an inventory point outside the State. Regarding this transaction, _____ should obtain an exemption certificate listing the vendor's resale number issued by its home state with written confirmation from the vendor that it is in the business of reselling the items being purchased, and that the items being purchased are for resale. The certificate should be signed by a person authorized to bind the vendor.

This response applies only to the circumstances discussed in your telephone request of March 9, 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 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 cursive script that reads "Christy J. Caesar".

Christy J. Caesar
Tax Policy Analyst

2501 NORTH LINCOLN BOULEVARD • OKLAHOMA CITY • OKLAHOMA 73194