

OKLAHOMA TAX COMMISSION

TAX POLICY DIVISION
DAWN CASH, DIRECTOR

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



September 24, 2007

Re: Sales Tax Inquiry; LR-07-068

Dear

I am writing in response to your request regarding a sales tax exemption for and its prospective tenants as businesses classified under Standard Industrial Code 7374. Section 1357 of Title 68 exempts from the sales tax levy the following:

(21) Sales of machinery and equipment purchased and used by persons and establishments primarily engaged in computer services and data processing:

* * *

b. as defined under Industrial Group Number 7374 of the SIC Manual, latest version, which derive at least eight percent (80%) of their annual gross revenues from the sale of a product or service to an out-of-state buyer or consumer.

Eligibility for the exemption set out in this paragraph shall be established, subject to review by the Tax Commission, by annually filing an affidavit with the Tax Commission stating that the facility so qualifies and such information as required by the Tax Commission. For purposes of determining whether annual gross revenues are derived from sales to out-of-state buyers or consumers, all sales to the federal government shall be considered to be to an out-of-state buyer or consumer.

To make application for exemption, an establishment submits a sworn affidavit containing the following information:

- (1) The name, address, and federal employer's identification number of the applicant and the name and title of the person signing for the applicant;
- (2) A complete description of the computer services and data processing that will take place within the establishment;
- (3) A statement of the establishment's annual gross revenues, and the percentage of the annual gross revenues derived from sales made to out-of-state buyers and consumers, determined for the most recently completed income tax year;
- (4) A statement that the applicant is primarily engaged in the activities appropriate to SIC Code classification number 7372, 7373 or 7374, as applicable;

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- (5) The signature of a person authorized to bind the applicant, signed under penalty of perjury before a notary; and
- (6) Such additional information as the Commission may require to confirm eligibility.

Oklahoma Administrative Code 710:65-13-54.

Upon receipt a determination will be made regarding the establishment's eligibility. Upon approval a letter certifying the exemption will be forwarded to the establishment. Said exemption is effective commencing July 1st following the ending date of the income tax year on which the statement required by subsection (e) of OAC 710:65-13-54 was calculated for a period of 12 months. The exemption may be renewed, subject to annual review and recertification of the applicant's eligibility by the Commission. exemption application may be sent to my attention for processing. tenants should follow the same course to obtain exemption certification. If intends to act on behalf of their prospective tenants in the exemption application process, it should provide written confirmation from its tenants that is authorized to act on their behalves.

Once tenants qualify for exemption under 1357(21) and said exemption becomes effective, could lease machinery and equipment to be used by those establishments exempt from sales tax.

Sincerely,

OKLAHOMA TAX COMMISSION



Christy J. Caesar
Tax Policy Analyst