OKLAHOMA TAX COMMISSION

TAX POLICY DIVISION
DAWN CASH, DIRECTOR

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

November 26, 2007

RE: LR-07-072 Sales Tax Inquiry regarding the taxability of leased trailers that have been registered in Oklahoma and whose excise taxes were remitted.

Dear

Please accept my apology for any inconvenience our delay in responding may have caused you due to not having received your initial request of April 13, 2007in our office, The Tax Policy Division. You had asked us to examine two scenarios that you presented, regarding sales taxes on trailers that have leases for 6 months and 60 months and the excise tax was remitted in the State of Oklahoma.

Our response:

Effective July 1 1994, leases of motor vehicles are exempt from sales taxes provided that the lease is for a term of 12 months or more and the vehicle excise tax has been paid. (Pursuant to 710:65-13-31)

Sales tax is applicable for your first scenario since the lease was for a minimum of 6 months, even if you would extend the lease out past the 6 original months. The time frame must be pre-set or "fixed" to a minimum of 12 months or more on the lease for sales tax not to be applicable.

There would be no sales tax due on the second scenario of leases of 60 months since the time frame was set at over a 12 month time frame and the excise tax was remitted as well.

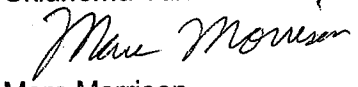
If you should have any questions please feel free to contact me.

This response applies only to the circumstances discussed in your written request of April 13, 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