OKLAHOMA TAX COMMISSION

TAX POLICY DIVISION
DAWN CASH, DIRECTOR

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September 14, 2007

Re: Sales tax question – Telecomunications; LR-07-146

Dear :

I am writing in response to your inquiry of September 5, 2007 regarding the sales taxability of a set daily rate of $9.95 USD charged by a hotel for provision in a guest's room of the following:

1) High-speed internet access
2) Unlimited local phone calls
3) Unlimited long distance calls (within the US)

It is indicated in your correspondence that no breakdown of specific charges are provided.

Section 5 of Senate Bill 1076[1], effective November 1, 2007, addresses the tax treatment of bundled transactions that include telecommunication service and internet access amending Section 1354(4)(e) of Title 68 to provide as follows:

> [I]n the case of a bundled transaction that includes telecommunication service, ancillary service, internet access or audio or video programming service:
>
> (1) if the price is attributable to products that are taxable and products that are nontaxable, the portion of the price attributable to the nontaxable products may be subject to tax unless the provider can identify by reasonable and verifiable standards such portion for its books and records kept in the regular course of business for other purposes, including, but not limited to, nontax purposes, and
>
> (2) the provisions of this paragraph shall apply unless otherwise provided by federal law

[1] 1st Session of the 51st Oklahoma Legislature

Therefore the entire set daily rate of $9.95 USD charged for the bundled transaction which includes a taxable product [telecommunication service] and a nontaxable product [internet access] would be subject to sales tax unless the conditions set forth in Section 1354(4)(e)(1) are met. In the event the conditions are met, only the portion of the sales price attributable to the telecommunication services would be subject to sales tax.

I have enclosed a copy of Section 5 of Senate Bill 1076.

This response applies only to the circumstances discussed in your request of September 5, 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.

Sincerely,

OKLAHOMA TAX COMMISSION

Christy J. Caesar

Christy J. Caesar
Tax Policy Analyst