

OKLAHOMA TAX COMMISSION

TAX POLICY DIVISION
DAWN CASH, DIRECTOR

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December 4, 2007

RE: Our File No. LR-07-195

Dear

I am writing in response to your inquiry regarding your company's registration and reporting requirements in relation to a proposed payphone installation in Oklahoma. The facts presented, the questions posed along with the response thereto are set forth below.

is located in . We service over 300 accounts which consist of Payphone and Snack Vending Machines. One of the owners of an account we hold is is expanding to OK where he would like for us to provide a payphone. We have sent in the application and have followed the process. will provide the D-Mark (Dial Tone) and ; will provide the payphone/pedestal. Once we can begin installation we will either a) have one of our Texas State employees make a route to OK to service and collect from the payphone or b) have an established company in , OK service and collect from the payphone and send us the collection. Either way will be the primary holder of the collections that come from the payphone.

Questions:

1) Do we have to have a sales permit, if so why if we are just providing a service?

Section 1354(4) of Title 68 levies a sales tax on intrastate, interstate and international telecommunication services sourced to Oklahoma. Specifically, receipts from a coin-operated telephone are subject to sales tax. Since is making taxable sales in this State it is required to hold an Oklahoma sales tax permit. 68 O.S. §§ 1363 and 1364.

2) If we have to report sales tax on the revenue, do we have to also pay state income tax?

Based on the description of activities in Oklahoma it appears that there would exist sufficient nexus to create an Oklahoma income tax filing requirement.

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3) Do we have to put Decals on the payphone in ?

Decals would not be required for the payphone as it does not constitute a coin-operated vending machine as defined in Section 1501 of Title 68.

Copies of the referenced statutory and administrative code provisions are enclosed.

This response applies only to the circumstances discussed in your request of November 15, 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
Tax Policy Analyst