OKLAHOMA TAX COMMISSION

TAX POLICY DIVISION
DAWN CASH, DIRECTOR

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June 19, 2008

Re: Our file Number LR-07-202; 501 (c) 3 organization sales tax status

Dear

This is in response to your inquiry wherein you asked if needs to collect sales tax in Oklahoma.

Please be advised that a 501 (c) 3 organization is not exempt from paying sales tax on its purchases of tangible personal property or taxable services or on its sales unless specifically exempted in Title 68 O. S. Section 1356. The statute does not identify as being sales tax exempt. Sales made by which sales tax is levied by 68 O.S. Section 1354, are taxable notwithstanding the status of ' as a "501 (c) 3" entity. The fact that ' is exempt from federal and state income tax does not give it an exemption from charging sales tax on sales that come under the levy of the sales tax code. This position is based on Oklahoma Tax Commission Rules 710:65-19-44 and 710:65-19-293, copies are enclosed. A 501 (c) (3) organization is considered to be the taxable consumer/user in Oklahoma and as such will be required to collect, report and remit four and one-half percent (4 ½%) state and applicable city and county sales tax on its sales.

However, if your company is regularly engaged in the business of making sales, it must have a sales tax permit. The sales tax permit number allows the organization to purchase items it is going to sell exempt from sales tax. In turn your organization would be required to collect and remit sales tax on those taxable sales made in Oklahoma. Without a sales tax permit the organization would not only have to pay sales tax when the items were purchased, it would have to charge sales tax when the items were sold.

Therefore, is required to file sales tax reports and remit sales tax due on any items sold in Oklahoma.

This response applies only to the circumstances set out in your request of August 20, 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 completed 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

Brenda J. Sullivan

Brenda J. Sullivan
Tax Policy Analyst

cc: Connie Stewart, Director, Taxpayer Assistance Division