OKLAHOMA TAX COMMISSION

TAX POLICY DIVISION
DAWN CASH, DIRECTOR

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April 09, 2008

RE: LR-08-001
Sales Tax Inquiry

You had inquired if it is appropriate to charge a customer sales tax on property tax for leasing purposes.

Our Response:

Property tax is a part of gross receipts whether they are remitted by the lessee or lessor and therefore subject to sales tax. **(Pursuant to 710:65-1-11, Rentals and leases of tangible personal property.)**

(d) **Taxability of vendor payments for insurance and property taxes**. The tax must be computed on the gross amounts of any charges billed to the purchaser to reimburse the vendor for insurance premiums or for property taxes paid.

This response applies only to the circumstances discussed in your written request of January 9, 2008. 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