OKLAHOMA TAX COMMISSION

TAX POLICY DIVISION
DAWN CASH, DIRECTOR

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May 27, 2008

Re: LR-08-035
Sales Tax

Dear

You have requested a ruling on two questions regarding sales tax. Listed below are the questions you asked and our responses:

Question #1.

Your client bills their customers for materials and labor separately, should sales tax be charged to their customers on labor and materials and is the tax due to their suppliers on the materials at the time of purchase?

Our Response:

For this scenario, sales tax is to be charged on the materials only since they are invoicing labor and materials separately and sales tax is due at the time of purchase.

Question #2.

Your client bills each customer on lump sum amount for labor and materials together. Should sales tax be charged on the invoice to their customers on the entire amount charged and is sales tax due to their suppliers on the materials at the time of purchase?

Our Response:

By charging a lump sum for the labor and materials, sales tax should be charged on the lump sum price that will be charged and sales tax is due at the time of purchase.

This response applies only to the circumstances discussed in your written request of April 02, 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

Marc Morrison
Tax Policy & Research Division