OKLAHOMA TAX COMMISSION

TAX POLICY DIVISION
DAWN CASH, DIRECTOR

PHONE (405) 521-3133
FACSIMILE (405) 522-0063

June 26, 2008

Re: LR-08-038

Dear

This is in response to your inquiry regarding your services of converting VHS tapes to DVD. You stated "we don't provide this service in-house; instead, we out-source it to a third party vendor. Since we are being billed for a service in which we are receiving tangible personal property, is this service taxable? Since we are passing the product on to our customer, should we give our vendor a resale certificate and collect the tax from our customer?"

Please be advised that converting VHS tapes to DVD constitutes a sale of tangible personal property and as such is subject to sales tax. As a vendor, you should provide a resale certificate to the third party vendor referenced in your letter as a sale for resale and thus collect the sales tax from your customer for remittance to the Oklahoma Tax Commission. See Commission Rule 710:65-13-200 and 710:65-1-2 "defines tangible personal property" @ www.oktax.state.ok.us.

This response applies only to the circumstances set out in your 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 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