OKLAHOMA TAX COMMISSION

TAX POLICY DIVISION
DAWN CASH, DIRECTOR

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

September 02, 2008

RE: LR-08-066
Sales Tax Inquiry (Second follow up)

Dear

I am writing this response to your inquiry requesting clarification regarding discounts and sales taxes.

Facts

You have inquired if your gross sales price is $100 and your discount is 5% ($5.00), making the selling price $95, should the sales tax be calculated on the gross sales price of $100 or on the discounted price of $95?

Our Response:

The sales tax shall be calculated at the selling price of $95.

This response applies only to the circumstances discussed in your email request of August 18, 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.

Sincerely,

Marc Morrison

Oklahoma Tax Commission
Marc Morrison
Tax Policy & Research Division

OKLAHOMA TAX COMMISSION

TAX POLICY DIVISION
DAWN CASH, DIRECTOR

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

August 06, 2008

RE: LR-08-066
Sales Tax Inquiry (follow up)

Dear

I am writing this response to your inquiry regarding discounts.

Facts

provides its customers with a 5% pre-payment discount provided that the customer remits their invoice in full at anytime from the date they enter into their contract through the date that is 30 days prior to the directory's publication date.

Your question

Should this discount that offers its customers be excluded in the sales tax computation that is charged to their customers and does it conform to Oklahoma Tax Commission Rule 710:65-1-9 (c) & 710:65-19-74?

Our response:

Yes, the discount that you offer your customers does conform to Oklahoma Tax Commission Rule 710:65-1-9 (c) & 710:65-19-74 and should be excluded from the calculation of the sales tax computation.

This response applies only to the circumstances discussed in your e-mail request of August 05, 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.

Sincerely,

Oklahoma Tax Commission
Marc Morrison
Tax Policy & Research Division

OKLAHOMA TAX COMMISSION

TAX POLICY DIVISION
DAWN CASH, DIRECTOR

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

June 12, 2008

RE: LR-08-066
Sales Tax Inquiry

Dear

Based upon your inquiry, you have given us three scenarios for how collects and remits sales tax on the sale of advertising to its customers and how those sales are to be sourced.

Scenario A

An agency will enter into a contract with a national advertising agency to include advertisements for the agency's national customers in directories that are distributed throughout the United States including Oklahoma. The agency will enter into its contract with in Oklahoma when it is headquartered in Oklahoma for advertisements to be distributed inside and outside of Oklahoma. In other instances the agency will enter into its contract with outside of Oklahoma for advertisements to be distributed inside and outside of Oklahoma.

Our response:

Based on Section 1354.27 (A) (3) & (4) of Title 68, the sales should be sourced according to the address of purchaser's business available in your business records. If the address(s) are not available then they are to be sourced to the address of the location provided by the purchaser during the consummation of the exchange.

Scenario B

Agencies located in Oklahoma purchase advertising in directories that are to be distributed to residents and businesses that are located outside Oklahoma and the contract for the advertising is consummated inside Oklahoma.

Our response:

Same as Scenario A, the sale of the advertising to an agency located in Oklahoma will be subject to sales tax and it shall be sourced to the address of the purchaser. If the address(s) are not available then they are to be sourced to the address of the location provided by the purchaser during the consummation of the exchange.

Scenario C

An agency located outside Oklahoma will purchase advertising from to be distributed solely in Oklahoma.

Our response:

Oklahoma Sales tax is not applicable since the address of the purchaser is outside of Oklahoma. If the purchase was consummated inside Oklahoma, then the purchase would be subject to Oklahoma Sales tax.

This response applies only to the circumstances discussed in your written request of April 08, 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.

Sincerely,

Oklahoma Tax Commission
Marc Morrison
Tax Policy & Research Division