OKLAHOMA TAX COMMISSION

TAX POLICY DIVISION
DAWN CASH, DIRECTOR

PHONE (405) 521-3133
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June 11, 2008

Re: LR-08-070; Sales and Use Tax Inquiry

Dear :

I am writing to confirm your understanding of the parameters of the sales tax exemption afforded pursuant to 68 O.S. § 1357(38). On June 21, 2007, the Tax Commission issued a letter recognizing its qualification as an entity exempt from sales tax pursuant to Section 1357(38) of Title 68 which exempts

> Sales of goods, wares, merchandise, tangible personal property, machinery and equipment to a web search portal[1] located in this state which derives at least eighty percent (80%) of its annual gross revenue from the sale of a product or service to an out-of-state buyer or consumer.

As indicated in your correspondence of May 22, 2008, is currently in the process of constructing the building(s) that will be used for its Web Search Portal activity. During this phase, will be purchasing machinery, equipment and materials that will become part of the building.

may purchase tangible personal property e.g., goods, machinery and equipment necessary to install and operate its web search portal activities in Oklahoma exempt from sales and use tax. However, a contractor may not purchase tangible personal property to perform contracts with a qualifying web search portal exempt from tax.

This response applies only to the circumstances discussed in your request of May 22, 2008. Pursuant to Commission Rule 710:1-3-73(e), this Letter ruling may be generally relied upon only

[1] "Web search portal" means an establishment classified under NAICS code 518112 which operates web sites that use a search engine to generate and maintain extensive databases of Internet addresses and content in an easily searchable format.

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

Christy J. Caesar

Christy J. Caesar
Tax Policy Analyst