OKLAHOMA TAX COMMISSION

TAX POLICY DIVISION
DAWN CASH, DIRECTOR

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June 27, 2008

Re: Sales Tax Inquiry; Our File No. LR-08-077

I am writing in response to your request for confirmation of the proper sales tax treatment of the described transaction. It is my understanding based on information presented by you and your customer that sprays fiberglass and gel coat (paint) on a customer's mold and returns the product to its customer. The customer removes the fiberglass item, a storage box, from the mold and for finishing purposes trims, cleans and waxes the box.

The sale of tangible personal property, unless specifically exempted by the provisions of the Oklahoma sales tax code, is subject to the levy of sales tax. 68 O.S. §1354(A)(1). Gross receipts or gross proceeds is the base upon which sales tax is calculated. The two terms are synonymous and are defined as "the total amount of consideration . . . for which personal property or services are sold . . . whether received in money or otherwise. . . ." 68 O.S. § 1352(12) No deduction from gross receipts is allowed for "the cost of materials used, labor or service cost." 68 O.S. § 1352(12)(a)(2).

The act of spraying the fiberglass and paint on the mold makes an item of tangible personal property which is transferred to your customer. The fact that does remove the item from the mold or that it requires further finishing does not change the character of the transaction as a sale of tangible personal property. Therefore, sales tax should be calculated on the total amount of the charge to your customer without any deduction for your labor cost.

This response applies only to the circumstances discussed in your request of June 20, 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

Christy J. Caesar
Tax Policy Analyst