OKLAHOMA TAX COMMISSION

TAX POLICY DIVISION
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July 17, 2008

RE: LR-08-086
Sales and Use Tax Inquiry regarding the sale of twenty pound propane tanks.

Dear

I am writing this response to your request regarding the sale of twenty pound propane tanks and the fees that are associated with the transactions.

Question #1

Is the sale of a twenty pound propane tank where the charges for the propane gas and the propane tank are not separately stated on the invoice, meaning that there is only one charge, subject to sales tax and does the result change when the propane gas is for residential heating purposes?

Our Response:

The transaction is subject to sales tax and the sale of propane gas can only be exempt from state sales tax (not county or city sales taxes) if it is being used in a residential use as described in Oklahoma Tax Commission Rule 710:65-13-120. I have enclosed a copy of this ruling for your convenience.

Question #2

Would a transaction be subject to sales tax if a customer provides a vendor an empty propane tank for a trade in and the vendor reduces the price of a propane tank from forty seven dollars to twenty dollars and does not separately state the charges on the invoice and does the result change when the propane gas is for residential heating purposes?

Our Response:

The transaction is subject to sales tax and is subject to the original price of forty seven dollars, the amount before the trade in reduction as set forth in Oklahoma Tax Commission Rule 710:65-19-72. I have enclosed a copy of this ruling for your convenience. Also, as previously mentioned, propane gas is only exempt from state sales tax (not city or county sales taxes) if it is for residential use only. I have enclosed a copy of this ruling for your convenience.

This response applies only to the circumstances discussed in your written request of June 17, 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