

# OKLAHOMA TAX COMMISSION

TAX POLICY DIVISION  
DAWN CASH, DIRECTOR

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



August 6, 2008

Re: Compressor Purchase; Our File No. LR-08-100

I am writing in response to your request for guidance regarding the Oklahoma sales tax application of the described compressor purchase. I have set forth verbatim the facts presented along with the questions posed and the responses thereto.

1. Used compressor located in Oklahoma, owned by \_\_\_\_\_ being purchased by \_\_\_\_\_ who offices in Texas.
2. \_\_\_\_\_ is reselling the compressor to my employer, \_\_\_\_\_ for use in Texas. My employer operates oil and gas wells in several states including Oklahoma and Texas.

Questions: Will Oklahoma sales tax be due on the compressor purchase if:

- (A) \_\_\_\_\_ (buyer) pays for the compressor, and then pays for transportation with a third party common carrier to bring the compressor from Oklahoma to Texas where it will be used.
- (B) \_\_\_\_\_ (buyer) pays for the compressor, then \_\_\_\_\_ (seller) pays for transportation with a third party common carrier to bring the compressor from Oklahoma to Texas where it will be used.

The location where a sale is sourced determines the taxes that are to be charged. Retail sales are sourced in accordance with 68 O.S. § 1354.27. See OAC 710:65-18-83. A retail sale is sourced to the location where the purchaser receives the tangible personal property. Oklahoma Administrative Code 710:65-18-2, provides that "receive" and "receipt" does not include possession by a shipping company on behalf of the purchaser. Therefore, under the two

2501 NORTH LINCOLN BOULEVARD • OKLAHOMA CITY • OKLAHOMA 73194

IT IS OUR MISSION TO SERVE THE PEOPLE OF OKLAHOMA BY PROMOTING TAX COMPLIANCE THROUGH QUALITY SERVICE AND FAIR ADMINISTRATION

scenarios outlined above the purchase of the compressor by VEF would not be subject to sales tax in Oklahoma. Copies of the referenced statutory and administrative rule provisions are attached.

This response applies only to the circumstances discussed in your request of July 23, 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

A handwritten signature in cursive script that reads "Christy J. Caesar".

Christy J. Caesar  
Tax Policy Analyst