

# OKLAHOMA TAX COMMISSION

TAX POLICY DIVISION  
DAWN CASH, DIRECTOR

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



December 14, 2008

Re: LR-08-102; Exempt use of sales tax permit

This is in response to your request for a ruling regarding your customer, who claims to be tax exempt on their purchase of \_\_\_\_\_ and products. You stated, "We go by \_\_\_\_\_ every two weeks and determine what product they need and have them sign a receipt for the items. The employees in the office consume the coffee, sugar, creamer, etc. that is purchased. Nothing that they buy from us is for resale."

It is my understanding that \_\_\_\_\_ presents their sales tax permit for the purchase of \_\_\_\_\_. Please be advised that persons having a valid sales tax permit who are regularly engaged in reselling the articles or service purchased are exempt from sales tax. However, Oklahoma Tax Commission Rule 710:65-13-200 further provides "in addition to persons furnishing their sales tax permit number to the vendor, the purchaser must certify in writing to the vendor that said purchaser is engaged in the business of reselling the articles purchased. Failure to so certify, or to falsely certify, with the knowledge that the items purchased are not for resale, shall be sufficient grounds upon which the Commission may cause the purchaser's sales tax permit to be canceled. The seller will be held liable for sales tax due on any sales where any exemption certificate is found to be invalid, for whatever reason. See 68 O. S. §1365 (D). The required certification may be made on the bill, invoice or sales slip retained by the vendor or by furnishing a certification letter to the seller. The vendor should obtain the information set out in 710:65-7-6 and 710:65-7-8."

Vendors who, in good faith accept properly completed documentation that the transaction is exempt for resale are relieved from liability to collect sales tax. Should the permit holder purchase items for resale and withdraw those items from inventory for a non exempt use, they would owe sales tax on the "sales value" of the items. See 68 O. S. § 1362 (D) and OAC 710:65-1-2.

Attached is a copy of administrative rule provision OAC 710:65-7-8 which sets forth the properly completed documentation that must be accepted from a purchaser claiming a sales tax

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

exemption for resale and retained by the vendor in order for the vendor to be relieved of any liability for the sales tax and the duty to collect imposed by 68 O. S. § 1361 of Title 68. See also, OAC 710:65-7-6 and OAC 710:65-13-200.

Oklahoma Tax Commission rules may be referenced on our website: [www.oktax.state.ok.us](http://www.oktax.state.ok.us).

I trust this information is helpful. If I can be of any additional assistance, please feel free to call me at 521-3133.

This response applies only to the circumstances discussed in your request of July 9, 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 "Brenda J. Sullivan".

Brenda J. Sullivan  
Tax Policy Analyst