

OKLAHOMA TAX COMMISSION

TAX POLICY DIVISION
DAWN CASH, DIRECTOR

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September 10, 2008

RE: LR -08-110
Sales & Use Tax Inquiry

I am writing this response to your inquiry regarding sales and use tax for free samples.

Facts:

Your company is a direct selling entity located outside the State of Oklahoma and is registered with the State of Oklahoma to collect and remit sales taxes on behalf of its independent business owners selling in our state. In order to entice customers, your company provides free samples of your products to use.

You have inquired if these transactions are subject to use taxes?

Our Response:

Yes, providing free samples are considered to be a withdrawal from inventory and are subject to use tax under Oklahoma Tax Commission Rule 710:65-1-7. I have enclosed a copy of this ruling for your convenience.

This response applies only to the circumstances discussed in your written request of July 09, 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,

A handwritten signature in black ink that reads "Marc Morrison". The signature is written in a cursive style with a large, stylized initial "M".

Oklahoma Tax Commission

Marc Morrison

Tax Policy & Research Division