OKLAHOMA TAX COMMISSION

TAX POLICY DIVISION
DAWN CASH, DIRECTOR

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April 1, 2009

Re: LR-08-120, Treatment of third party drop shipment

Dear

This is in response to your request for an answer to the question listed in your correspondence. What follows is verbatim your facts and requested ruling and our response thereto.

Facts:

Company A has a valid Texas Resale Tax Exemption) does not have a physical presence nor sales represenatatives in the State of Oklahoma. Company A, also does not use company trucks to deliver any merchandise to their customers in Oklahoma. Company A requested Company B , who has an OK Sales tax permit and has a office in OK) to deliver merchandise to Company A's customer in Oklahoma City. Company A did a Classic 3rd Party Drop Shipment. Company A receives an invoice for the order and Company B charges Oklahoma sales tax.

Question:

Can Company A provide their home state Texas Resale Certificate to Company B for the sales tax charged on the invoice?

Our Response:

Based on the facts as set out above, since Company B has nexus with the State of Oklahoma, they are required to charge sales or use tax, as may be applicable, on all sales made into Oklahoma that are not otherwise exempt. Please see Oklahoma Tax Commission Rule 710:65-21-3. However, since the sales are being made to Company A, for resale, and since Company A is not a resident of Oklahoma, Company B may exempt the sale to Company A as sales for resale if Company A provides a statement that they are making the purchases for resale along with their home state permit. The documentation required to relieve a vendor of liability for sales made for resale is covered by Oklahoma Tax Commission Rules 710:65-7-6, 710:65-7-

8 and 710:65-13-200. See Oklahoma Tax Commission Rules on our website: www.oktax.state.ok.us.

This response applies only to the circumstances discussed in your request of September 8, 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

Brenda J. Sullivan

Brenda J. Sullivan
Tax Policy Analyst