OKLAHOMA TAX COMMISSION

TAX POLICY DIVISION
DAWN CASH, DIRECTOR

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November 24, 2008

Re: Sales Tax Inquiry; Our File No. LR-08-176

Dear :

I am writing in response to your request regarding the sales taxability of certain membership sales. Set forth verbatim are the facts presented along with the question posed and the response thereto.

Facts: Taxpayer sells memberships to persons who receive roadside assistance, attorney referral network and discount packages such as rental car discounts and hotel/motel discounts.

Issue: Is the sale of the memberships subject to sales tax under the Oklahoma Sales Tax Code?

Section 1354(12) of Title 68 levies a sales tax on "dues of fees to clubs including free or complimentary dues or fees which have a value equivalent to the charge that would have otherwise been made, including any fees paid for the use of facilities or services rendered at a health spa or club or any similar facility or business." Dues or fees paid for the opportunity to purchase items and services at a discount do not fall within the purview of Section 1354(12). Therefore, charges for discount club memberships are not subject to sales tax. Effective June 25, 2006, language regarding discount club memberships was stricken from OAC 710:65-19-77 as inconsistent with Section 1354(12) of Title 68. Please see attached.

This response applies only to the circumstances discussed in your request of November 10, 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

Christy J. Caesar

Christy J. Caesar
Tax Policy Analyst