OKLAHOMA TAX COMMISSION

TAX POLICY DIVISION
DAWN CASH, DIRECTOR

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April 15, 2009

Re: LR-09-035, Sales Tax Inquiry on Lodging

Dear l

This is in response to your request for clarification on tax collection for your guest ranch business. What follow are verbatim your questions and our responses thereto.

Question 1) Are guest lodging quarters taxable for a) overnight stays and b) guests renting by the month?

Our Response: Yes. See Commission Rule 71O:65-19-143 (a).

Question 2) Is there a difference between a service and a product as far as tax collection is concerned? i.e. lodging vs food vs. hunting or trail riding

Our Response: No. Sales tax is due on all of the above. See Title 68 Section 1354 (A) 1, 7, 10, 13, 14, 15 and 16.

Question 3) Can cleaning supplies towels, repairs, etc. be nontaxable when being purchased for use directly in the guest lodging facility?

Our Response: No. See subsection (d) of the above rule.

Question 4) Do employees pay sales tax (if found applicable) on lodging?

Our Response: Yes.

Question 5) Are purchased food service items (food, paper goods, supplies) taxable if food is included in an overnight package stay vs food sales outright?

Our Response: The purchase of food, paper goods and certain supplies that are not reusable would not be taxable when purchased by a hotel/motel if provided as a part of a packaged room rate and if the furnishing of the room is subject to tax. See Commission Rules 710:65-19-143 (e), 710:65-19-110 (c) and 710:65-19-256 (2) for other taxable and exempt purchases of supplies.

See Commission rules on our website: www.oktax.state.ok.us.

This response applies only to the circumstances discussed in your request of March 18, 2009. 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