

# OKLAHOMA TAX COMMISSION

TAX POLICY DIVISION  
DAWN CASH, DIRECTOR

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



November 2, 2009

Re: Sales Tax Inquiry; Our File No. LR-09-082-A

Dear

I am writing in response to your follow-up question regarding the calculation of sales tax on fabricated steel. Set forth verbatim are the facts presented along with a response thereto.

The manufacturer submits a lump-sum material-erect bid (manufacturing the pre-engineered steel, which is its normal business, and hiring a subcontractor to erect the building). The manufacturer omits the costs for production labor and engineering for the steel from the taxable base and includes the production labor and engineering for the steel in the sub's erection cost, thereby only charging the customer tax on the raw materials.

A review of the above-referenced fact scenario does not change the response you received dated July 7, 2009 issued in LR-09-082.

This response applies only to the circumstances discussed in your request of July 15, 2009. Pursuant to Oklahoma Administrative Code 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 "Christy J. Caesar".

Christy J. Caesar  
Tax Policy Analyst

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

# OKLAHOMA TAX COMMISSION

TAX POLICY DIVISION  
DAWN CASH, DIRECTOR

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



July 7, 2009

Re: Sales Tax Inquiry; Our File No. LR-09-082

Dear :

I am writing in response to your request regarding the calculation of sales tax on fabricated steel. Set forth verbatim are the facts presented along with your query and the response thereto.

## FACTS

When submitting a bid for pre-engineered steel to a general contractor who will use it to construct a building, we include tax on the entire selling price of the product. A rumor from our men in the field is that a competitor has stated that they keep their bids low by only charging tax on the cost of their raw material and not on the selling price of the finished product.

## QUERY

When selling a fabricated product is tax due on just the material incorporated into the product or is tax due on the finished product, including all manufacturing costs such as engineering and production labor.

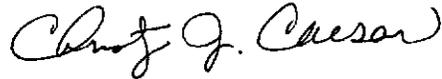
## RESPONSE

The sale of tangible personal property, unless specifically exempted by the provisions of the Oklahoma Sales Tax Code, is subject to the levy of sales tax. 68 O.S. §1354(A)(1). Gross receipts, gross proceeds, or sales price is the base upon which sales tax is calculated. The terms are synonymous and are defined as "the total amount of consideration . . . for which personal property or services are sold . . . whether received in money or otherwise. . . ." 68 O.S. § 1352(12). No deduction from gross receipts is allowed for "the cost of materials used, labor or service cost." 68 O.S. § 1352(12)(a)(2). Therefore, sales tax should be calculated on the total amount of the charge to your customer for the fabricated product without any deduction for your engineering and production labor.

This response applies only to the circumstances discussed in your request of May 19, 2009. Pursuant to Oklahoma Administrative Code 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 "Christy J. Caesar".

Christy J. Caesar  
Tax Policy Analyst