

OKLAHOMA TAX COMMISSION

TAX POLICY DIVISION
DAWN CASH, DIRECTOR

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



December 1, 2009

Re: LR-09-105; Sales Tax Inquiry

Dear [REDACTED]

I am writing in response to your sales tax inquiry. Set forth verbatim are the facts presented along with the question posed and the response thereto.

FACTS

I am the senior accountant for a private golf course in Oklahoma. From time to time members or other accounts receivable accounts will have a very small balance due to them due to rounding issues. When a balance of \$0.06 or \$.01 is due to the members we don't send them a check, we just write off the balance.

QUESTION

Can you tell me if the \$0.06 or .01 is taxable revenue if it isn't refunded to the customers?

RESPONSE

Sales tax must be remitted to the Oklahoma Tax Commission by the vendor of tangible personal property, services, privileges, admissions, dues, fees, or any other item subjected to tax in accordance with the Oklahoma Sales Tax Code. 68 O.S. § 1362(A) The amount of tax to be collected by the vendor on each sale shall be the applicable percentage (state and any applicable municipal and county sales tax.) of the gross receipts derived from taxable sales transactions. 68 O.S. § 1362(B). To compute the tax to be collected, as a result of the referenced transactions, the tax amount must be carried to the third decimal place when the tax amount is expressed in dollars and must be rounded to a whole cent using a method that rounds up to the next cent whenever the third decimal place is greater than four. Vendors may elect to compute the tax due on transactions on an item or invoice basis. Id. The use of the bracket system guidelines established by the Tax Commission does not relieve the vendor from the duty and liability to

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remit an amount equal to the applicable percentage of the gross receipts derived from all taxable sales during the applicable period. 68 O.S. § 1362(C).

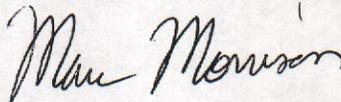
Additionally, Oklahoma Administrative Code 710:65-3-4 provides that when a vendor collects, in the aggregate, an amount of sales tax from its customers, larger than the amount which would result from multiplying the taxable sales by the tax rate, whether due to the use of the bracket charts supplied by the Commission, the use of an electronic cash register that rounds up the tax, or any other reason, the vendor is responsible for remitting the total tax collected. "Excess Tax Collected" should be written on the face of the report, under the line captioned "Total Due".

The referenced statutory and administrative rule provisions are attached.

This response applies only to the circumstances discussed in your request of July 31, 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 black ink that reads "Marc Morrison". The signature is written in a cursive style with a large initial "M".

Marc Morrison
Tax Policy Analyst