OKLAHOMA TAX COMMISSION

TAX POLICY DIVISION
DAWN CASH, DIRECTOR

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

March 15, 2010

Re: LR-10-003; Use Tax Inquiry

Dear :

This is in response to your inquiry regarding Oklahoma use tax rules. Set forth is the question posed along with corresponding examples and the response thereto.

Question

Are there any exemptions or pro-rated exemptions for equipment moved into Oklahoma for a temporary use?

Example 1: Oil/gas drilling equipment moved into state for 3 weeks use and then moved out of state.

Example 2: Oil/gas drilling equipment moved into state for 3 months use and then moved out of state.

Reponse:

No, there is not a temporary use exemption in the Oklahoma Use Tax Code. However, a credit against use tax paid is allowed for tangible personal property intended solely for use in other states, but which is stored in Oklahoma pending shipment to such other states or which is temporarily retained in Oklahoma for the purpose of fabrication, repair, testing, alteration, maintenance, or other service." In such instances the tax must be paid at the time of importation or storage of the property within the state and a subsequent credit taken by the taxpayer for the use tax paid upon removal of the property from the state. 68 O.S. § 1402, copy enclosed.

This response applies only to the circumstances discussed in your request of January 6, 2010. 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

Brenda J. Sullivan

Brenda J. Sullivan
Tax Policy Analyst