

OKLAHOMA TAX COMMISSION

TAX POLICY DIVISION
DAWN CASH, DIRECTOR

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

January 19, 2010

Re: Sales Tax Inquiry; LR-10-017

Dear

I am writing in response to your request for information regarding charging tax on labor.

Communications, sells, installs, services, repairs, moves, adds, changes, leases, and lease-purchases business telephone and voice mail systems. This includes the installation and termination of telephone and data cables that connect to the telecom network. Please forward any information you have regarding charging tax on labor.

Generally, installation charges which are separately stated on the bill or invoice are not included in gross receipts for sales tax calculation purposes. 68 O.S. § 1352(12). A limited exception to the general rule is that amounts billed for installation, connection, change or initiation of telecommunication services, regardless of whether such charges are separately stated, are taxable as a telecommunications nonrecurring charge. 68 O.S. §1354(5). See also OAC 710:65-19-329 and 710:65-19-330. Certain telecommunications nonrecurring charges which include the installation, connection, charge or initiation of telecommunication services which are not associated with a retail consumer sale are exempted from the sales tax levy pursuant to 68 O.S. § 1357(18)(g).

Regarding the question posed in your correspondence, we are unable to provide a definitive response without additional information. Please provide a detailed explanation that describes the sales transactions fully and furnish documentation, including but not limited to, applicable invoices and contract or agreement that fully explains the arrangement with your out-of-state customers.

Copies of the referenced statutory and administrative rule provisions are enclosed.

This response applies only to the circumstances discussed in your request of December 31, 2009. Pursuant to Oklahoma Administrative Code 710:1-3-73(e), this Letter Ruling may be

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

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 "Brenda J. Sullivan".

Brenda J. Sullivan
Tax Policy Analyst