

OKLAHOMA TAX COMMISSION

TAX POLICY DIVISION
DAWN CASH, DIRECTOR



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November 18, 2010

Re: LR-10-049; Sales and Use Tax Inquiry

Dear

I am writing this letter in response to your request regarding sales tax on the sale of software. Set forth are the facts presented verbatim along with the responses thereto.

Facts:

software. sells transmitters, hardware, and

This software is used to program the It is the "traffic" software that schedules all programming and places commercials, public service announcements, and all programming that is broadcast and creates the programming "logs". This software is required by the broadcasters in order to "air" the programs.

Customers are claiming the manufacturing exemption under Okla. Admin. Code 710:65-13 for equipment used directly in broadcasting such as broadcast transmitters and hardware; also they are claiming the exemption for broadcast software. Their position is the software is required to facilitate the broadcast programming; hence, making it exempt under the Broadcast Exemption. We have been and continue to tax broadcast software as it is not an itemized exempt product type mentioned in the Okla. Admin. Code 710:65-13-191.

respectfully requests a formal declaratory ruling from the Oklahoma Tax Commission advising us as to the correct application of the Broadcast Exemption. If you rule that broadcast software is indeed taxable and that we are handling the exemption correctly, then we will advise our customers accordingly and present the ruling as evidence. If you rule that we have been incorrectly charging sales tax on broadcast software, we

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IT IS OUR MISSION TO SERVE THE PEOPLE OF OKLAHOMA BY PROMOTING TAX COMPLIANCE THROUGH QUALITY SERVICE AND FAIR ADMINISTRATION