OKLAHOMA TAX COMMISSION

TAX POLICY DIVISION
DAWN CASH, DIRECTOR

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October 25, 2010

Re: LR-10-099; Sales Tax Inquiry

Dear

I am writing this letter in response to your request regarding a drop shipment scenario. Set forth verbatim are the facts presented along with the response thereto.

Facts:

> We are located in Oklahoma and we are selling to a retailer that is not in Oklahoma and is not registered there. We are then shipping to their customer who is in Oklahoma. The out-of-state retailer is not taking possession of the product. It is shipping directly from us in Oklahoma to the 3rd party that is also in Oklahoma. The retailer would like to use the resale certificate of the 3rd party that is registered in Oklahoma. Can we do that? If possible can you provide a statute or explanation as to why they can or cannot use the certificate?

Response:

No provision exists in the Oklahoma statutes to allow pass through of a resale exemption. Therefore, the Oklahoma 3rd party's sales tax permit may not be used to exempt the sale from your company to its customer.

This response applies only to the circumstances discussed in your written request of June 09, 2010. Pursuant to Commission Rule 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

Marc Morrison
Tax Policy Analyst