OKLAHOMA TAX COMMISSION

TAX POLICY DIVISION
DAWN CASH, DIRECTOR

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

November 01, 2010

Re: LR-10-117; Sales tax inquiry

Dea

I am writing in response to your inquiry regarding the sales tax treatment of mobile office trailers rented to contractors constructing a "building owned by a Credit Union which holds a Federal Credit Union exemption issued by the Oklahoma Tax Commission."

A federally chartered credit union may make purchases of tangible personal property and taxable services exempt from sales tax. OAC 710:65-19-106(e). However, a federal credit union may not pass its sales tax exemption along to another party such as a contractor, defined as taxable consumer users of items purchased for use in the completion of a construction contract for the development and/or improvement of real property. See OAC 710:65-19-55. Therefore, under the described circumstances, sales tax is due on the rental of the mobile office trailers.

Copies of the above-referenced administrative code provisions are enclosed.

This response applies only to the circumstances discussed in your email request of June 29, 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

Marc Morrison
Tax Policy Analyst