OKLAHOMA TAX COMMISSION

TAX POLICY DIVISION
DAWN CASH, DIRECTOR

PHONE (405) 521-3133
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September 13, 2010

Re: LR-10-132; Oklahoma Drop Shipment Scenario

Dear

This is in response to your request regarding Oklahoma's treatment of certain third party drop shipments. Set forth verbatim are the facts presented in your correspondence of August 2, 2010 along with our response thereto.

FACTS

- We are retailer who is located in the state of Texas.
- We are registered with the state of Oklahoma to collect tax on deliveries made within the state
- We are selling materials to our customer who is located within the state of Texas (this could be any customer not located within Oklahoma and who does not have nexus with the state of Oklahoma)
- Our customer has provided us with a properly completed resale certificate as prescribed by the state of Texas (or any other state)
- We are delivering the materials to our customer's customer located within the state of Oklahoma
- Delivery of the materials into the state of Oklahoma may be made either by our company truck, common carrier, UPS, FedEx, U.S. Mail, etc.

QUESTION

Please indicate the taxable nature of these types of drop shipment sales, especially as it pertains to deliveries made via our company vehicle. Also, since there is no indication of an available exemption for deliveries made via our company vehicle in your available tax law, if an exemption does exist please indicate how long we may rely on your determination/response to allow such exemption.

RESPONSE

Under the circumstances stated herein, which include deliveries made by your company truck, Oklahoma will accept a resale certificate from the home state of your customer. Regarding these transactions, your company should obtain an exemption certificate listing your customer's resale number issued by its home state with written confirmation that it is in the business of reselling the items being purchased, and that the items being purchased are for resale. The certificate should be signed by a person authorized to bind your customer. The certification may be made in the manner set forth in paragraph (1) of Oklahoma Administrative Code 710:65-13-200, a copy of which is enclosed.

QUESTION

Also, if the above conditions apply but the delivery is made to an Oklahoma registered reseller will the State allow a pass thru of the Oklahoma reseller's permit to exempt our transaction with our customer who is not located within the state of Oklahoma?

RESPONSE

No provision exists in the Oklahoma statutes to allow pass through of a resale exemption. Therefore, the Oklahoma reseller'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 request of August 2, 2010. Pursuant to Oklahoma Administrative Code 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

Christy J. Caesar

Christy J. Caesar
Tax Policy Analyst