# OKLAHOMA TAX COMMISSION

TAX POLICY DIVISION

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July 11, 2011

Re: LR-10-139; Sales Tax Inquiry

Dear

This is in response to your inquiry for a written confirmation that ' and its vendors are tax exempt and is authorized to provide its vendors with the purchaser/manufacturer's exemption certificate when buying materials" for a refinery project in Oklahoma. Set forth verbatim are the facts presented and the response thereto.

**FACTS**

.s a subcontractor working on a Refinery project in Tulsa, Oklahoma. We will be performing work for a general contractor and are in receipt of a Certificate of Exemption from the owner/purchaser/manufacturer. They have also supplied a copy of their Manufacturer Sales Tax/Exemption Permit.

**RESPONSE**

Generally, purchases by contractors and subcontractors are subject to sales tax in Oklahoma. However, the Oklahoma Sales Tax Code contains limited exceptions which allow a contractor or a subcontractor to make purchases exempt from sales tax based on the exempt status of another entity. Instances when a contractor can make purchases exempt from sales tax based on the exempt status of another entity are set forth in Oklahoma Administrative Code 710:65-1-7(3)(A)–(H), copy enclosed. Contractors making purchases to carry out contracts with entities holding manufacturers sales tax exemption permits is not one of the exceptions outlined above.

However, House Bill 1954, effective August 26, 2011, provides that sales to persons making purchases pursuant to a contractual relationship for the construction and improvement of manufacturing goods, wares, merchandise, property, machinery and equipment for use in a

manufacturing operation shall be considered sales to a manufacturer which is classified in the North American Classification System (NAICS) Manual under Industry Group No. 324110 [Petroleum Refinery]. 68 O.S. § 1359(1). Please note that contractor purchases of items not intended for use in the refinery's manufacturing operation continue to be subject to sales tax.

This response applies only to the circumstances discussed in your request of September 15, 2011. 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

Brenda J. Sullivan

Brenda J. Sullivan
Tax Policy Analyst