OKLAHOMA TAX COMMISSION

TAX POLICY DIVISION

June 13, 201

Re: Our File No. LR-10-143

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This is in response to your request for a ruling regarding whether or not workbooks included with training are subject to Oklahoma sales tax. Set forth verbatim are the fact situations presented and the response thereto.

FACTS

Situation 1: On-site training with workbook.

We are a consulting firm and conduct training workshops in August of each year. Our regular training is an all-day training course from 8:30 — 3:30 pm that includes a workbook. For our on-site training, we charge $60.00 for each participant which covers the cost of the room rental, workbook, and meals provided. We have been treating the $60 charge per participant as training revenue and have not been charging sales tax. It has been my understanding that the workbook included with the onsite training is not subject to sales tax since it is bundled with the cost of the training. I would like confirmation that this is the correct treatment for sales tax purposes.

RESPONSE

Sales of access to training workshops do not constitute tangible personal property nor do they fall within one of the other enumerated transactions subject to sales tax under Section 1354 of Title 68 of the Oklahoma Statutes. However, purchases in Oklahoma of tangible personal property or taxable services to provide goods and services to the workshop attendees are sales taxable to the person providing the service. [1] Likewise, use tax is due on tangible personal property when purchased out-of-state and brought into Oklahoma for use or consumption. [2]

[1] Oklahoma Administrative Code 710:65-1-7 and 710:65-19-309
[2] 68 O.S. § 1402

Situation 2. On-line training with workbook.

This year we started offering our training workshops online utilizing online training program where the participants are able to see a live video feed and the trainer's computer screen as well as listen to the training presentation. Since the participants do not come on-site for the training, we are shipping the printed workbooks to them in advance of the training session.

For online training, we charge $40.00 for each participant which covers our costs.

An example of our costs for the online training per participant is as follows:

Online training (limited to 25 attendees)
Trainer (2 hours plus 1 hour prep @ $85/hour) = $255 / 25 = $10.20
Workbook:
Printed in-house: 216 pages @ 10 cents each = $21.60
Binding & Cover (outsourced) @ 3.93 each + sales tax @9.1875% = $4.29
Shipping USPS $4.90
Total cost $40.99

RESPONSE

The response to situation 1 applies to situation 2.

Copies of the referenced statutory and administrative code provisions are enclosed.

This response applies only to the circumstances discussed in your request of February 9, 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