

OKLAHOMA TAX COMMISSION

TAX POLICY DIVISION

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

June 23, 2011

[REDACTED]

RE: LR-11-034 (Sales & Income Tax Inquiry)

Dear [REDACTED]

I am writing this letter in response to your request regarding Oklahoma Sales and Income taxes. Set forth are the facts presented along with the questions posed and the responses thereto.

Facts:

The company in question is a service company, providing towing services and wreck salvaging services. The company is based on [REDACTED], but has plans to open a small dock or marina on the Oklahoma side.

Question 1:

The first question is, are there specific areas of the lake that fall under separate state tax laws? For example, the company would charge sales tax under [REDACTED] law, but not under Oklahoma Law. (I am assuming of course, that certain parts of the lake are governed by the state and not exclusively federal).

Response to Question 1:

Charges for towing services and boat storage are not subject to Oklahoma sales taxes. OAC 710:65-19-268 (copy enclosed). Based on the limited facts presented, we are unable to provide a definitive response regarding the sales taxability of the wreck salvaging services to be performed by your company, if any, in Oklahoma.

Question 2:

Which state would unemployment tax be paid to? (I assume this is mutually exclusive between states) And at what point (if any) would employees be subject to Oklahoma income tax?

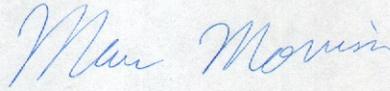
Response to Question 2:

The Oklahoma Tax Commission does not collect unemployment taxes; instead you should contact the Oklahoma Employment Security Commission if you should have any questions regarding unemployment taxes. However, any income that is earned inside the state of Oklahoma will be subject to Oklahoma Income Tax and employers that have employees in the state of Oklahoma are required to withhold Oklahoma income taxes from their employee's wages that are earned inside the state of Oklahoma and report and remit Oklahoma withholding taxes to the Oklahoma Tax Commission. Individuals earning income inside the state of Oklahoma are required to file an Oklahoma income tax return and remit any income taxes that may be due.

This response applies only to the circumstances discussed in your written request of February 25, 2011. 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

A handwritten signature in blue ink that reads "Marc Morrison". The signature is written in a cursive style with a large initial "M".

Marc Morrison
Tax Policy Analyst