

OKLAHOMA TAX COMMISSION

TAX POLICY DIVISION

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

October 6, 2011

[REDACTED]
[REDACTED]
[REDACTED]
[REDACTED]
[REDACTED]

Re: Sales Tax Inquiry; Our File No. LR-11-050.

Dear [REDACTED]

I am writing in response to your request regarding the sales tax treatment of convenience fees. Set forth verbatim are the facts presented along with the question posed and the response thereto.

FACTS

Our client sells telecommunications services out of its [REDACTED] office. When a customer calls and purchases time for a designated phone with a service address in Oklahoma that purchase is allocated to Oklahoma and tax will be collected and remitted to the Oklahoma taxing authorities. If the customer does not buy a certain amount of time and uses a credit card, the customer is also charged a convenience fee of \$5.

Question

Is this convenience fee taxable?

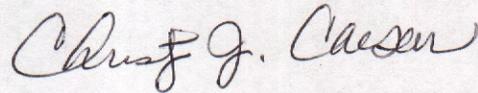
RESPONSE

Telecommunications services are subject to sales tax pursuant to Section 1354(A)(4) of Title 68 of the Oklahoma Statutes. Gross receipts, gross proceeds, or sales price is the base upon which sales tax is calculated. The terms are synonymous and are defined as "the total amount of consideration . . . for which personal property or services are sold . . . whether received in money or otherwise. . . ." 68 O.S. § 1352(12). No deduction from gross receipts is allowed for "interest, losses, all costs of transportation to the seller, all taxes imposed on the seller, and any other expense of the seller" or for "charges by the seller for any services necessary to complete the sale, other than delivery and installation charges." 68 O.S. § 1352(12)(a)(3) & (4). Therefore, sales tax should be calculated on the total amount of the charge to your client's customers for the telecommunications services without any deduction for the \$5.00 convenience fee.

This response applies only to the circumstances discussed in your request of March 25, 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

A handwritten signature in cursive script that reads "Christy J. Caesar". The signature is written in dark ink and is positioned above the printed name.

Christy J. Caesar
Tax Policy Analyst