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OKLAHOMA TAX COMMISSION

TAX POLICY DIVISION
DAWN CASH, DIRECTOR

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July 2, 2012

RE: LR-11-073 (Sales Tax Inquiry)

Dear

This is in response to your request regarding Oklahoma sales tax. Set forth are the facts presented along with the question posed and the response thereto.

Facts:

is primarily an apartment complex and holds itself out to the public as such. There are approximately 800 apartment units, approximately 550 units are unfurnished apartments and the remaining 250 units are furnished and considered to be serviced apartments.

With respect to the serviced apartments, the primary tenants are students who attend the . In 2010, the average length of stay of the students in the serviced apartments was in excess of two months. The on its website, provides to students a list of hotels and apartments at which the students may stay while attending the . The website address is and it categorizes the places to stay as either hotels or apartments.

as of this date, is one of 15 apartment complexes listed on the website as apartment complexes. None of the other 14 apartment complexes (which have operations very similar to the listed on the website collect sales tax on rentals of any of their units.

In addition to students, also rents the serviced apartments to others. In 2008, when the began operations, the Oklahoma Tax Commission orally informed it was not required to collect sales tax on rentals of any of the units.

understands that under the Oklahoma statutes and the rules, regulations and policies of the Oklahoma Tax Commission, no sales tax is applicable to rentals of either the unfurnished apartments or the serviced apartments.

Question:

Based on the foregoing, requests a written ruling that no sales tax is required to be collected with respect to rentals of the serviced apartments regardless of the length of stay of the tenant.

Response:

The service of furnishing rooms by a hotel, apartment hotel, public rooming house, motel, public lodging house, or tourist camp are subject to Oklahoma sales tax without regard to the length of stay of the guest. 68 O.S. § 1354(7) and OAC 710:65-19-143

An examination of website and the facts presented in your correspondence of May 11, 2011, indicates that offers 250 furnished rooms with a minimum stay of one night and bills for these rooms on a nightly or weekly basis along with charges for state and city sales tax, and the City of occupancy tax[1]. website allows potential customers to view room vacancies by date and make reservations. Customers that make reservations for extended stays are allowed to check out at will and are charged penalties with state and local sales taxes calculated thereon for failing to give proper notices for any changes in reservations.

Therefore, based on the foregoing is conducting business as a hotel or an apartment hotel in regards to its furnished and serviced rooms and should collect state and local sales tax from its customers on the gross proceeds attributable to those sales and remit same to the Oklahoma Tax Commission.

This response applies only to the circumstances discussed in your written request of May 10, 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

Marc Morrison

Marc Morrison
Tax Policy Analyst

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[1] State and City sales tax rate and occupancy tax rate of or combined.