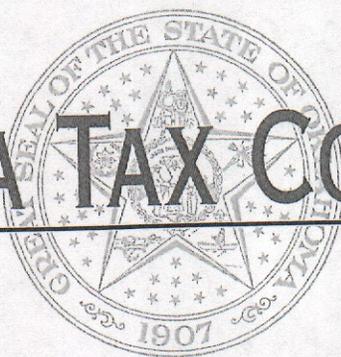


# OKLAHOMA TAX COMMISSION



TAX POLICY DIVISION

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

November 29, 2011



RE: LR-11-105 (Sales Tax Inquiry)

Dear [Redacted]

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

Facts:

On 7-16-1- and 7-20-10 we purchased two Air Handler Units as the Mechanical sub-contractor for [Redacted] the contractor for [Redacted] and [Redacted] Air Handler Unit Replacement at the [Redacted] and [Redacted] OK. See attached Tax Exemption Letter from [Redacted]. We purchased this equipment from [Redacted] and they are billing us for state and local taxes for this equipment. It is my understanding that the tax exemption extends to [Redacted] as the Mechanical Sub-Contractor for these projects.

Please confirm in writing that [Redacted] is not responsible for the taxes for this equipment on the above mentioned tax exempt Government projects.

Response:

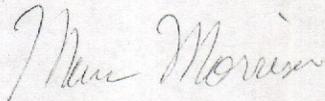
Sales to contractors in connection with the performance of any contract with the United States government are subject to Oklahoma sales/use tax unless the ownership and possession of the property purchased by the contractor or agent transfers immediately to the United States government. 68 O.S. § 1356(1) & (2). Sales to contractors who are improving real property for the United States government are not considered to be sales in which ownership transfers immediately to the United States government and are therefore taxable. OAC 710:65-13-131.

Therefore, based on the facts presented, the purchase by [REDACTED]  
[REDACTED] of the two air handler units is subject to either Oklahoma Sales or Use tax.

This response applies only to the circumstances discussed in your written request of September 07, 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  
Tax Policy Analyst