OKLAHOMA TAX COMMISSION

TAX POLICY DIVISION

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

October 19, 2011

Re: LR-11-110; Sales Tax Inquiry

Dear

Pursuant to your request, please find attached a copy of Oklahoma Administrative Code 710:65-13-15 which outlines the sales tax exemption[1] for sales of items directly used in the production of agricultural products,[2] provides examples of items that may be purchased by an agricultural permit holder exempt from sales/use tax if said items are to be directly used in agricultural production and also gives examples of taxable purchases.

Please note that you are correct in your understanding that persons should not claim a sales tax exemption pursuant to their agricultural permit for purchases of repair parts including tires for motor vehicles licensed with a farm tag or any other tag. OAC 710:65-13-15(h)(2). However, Section 1358.1 of Title 68 provides that the exemption claimed by an agricultural exemption permit holder must be honored by the vendor.

This response applies only to the circumstances discussed in your request of September 20, 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
Tax Policy Analyst

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[1] 68 O.S. § 1358

[2] "Agricultural production" and "production of agricultural products" is limited to what would ordinarily be considered a farming or ranching operation undertaken for profit. The term refers to the raising of food crops or livestock for sale. Included within the meaning of "agricultural production" and "production of agricultural products" are ranches, orchards, and dairies. Also included is any feedlot operation, whether or not the land upon which a feedlot operation is located is used to grow crops to feed the livestock in the feedlot and regardless of whether or not the livestock fed are owned by persons conducting the feedlot. OAC 710:65-13-15(a)(1).