OKLAHOMA TAX COMMISSION

TAX POLICY DIVISION

PHONE (405) 521-3133
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October 18, 2011

Re: Our File Number LR-11-117

Dear

Regarding your request of October 13, 2011, forwarded to me for a response, please be advised that you are correct in your assertion that qualifying disabled veterans in receipt of compensation at the one hundred percent rate are exempt from both sales[1] and use[2] tax on their purchases. Additionally, these veterans are also exempt from motor vehicle excise tax[3] and ad valorem tax on their homestead properties.[4]

It is my understanding based on our telephone conversation that the "utility gross receipts tax" referenced in your inquiry is the tax imposed on a cooperative organized under the provisions of the Rural Electric Cooperative Act at the rate of 2% of the gross receipts derived by it from the sale and distribution of electric energy during the calendar year. 68 O.S. § 1803. The 2% gross receipts tax is not imposed directly on the consumer, but instead on the Rural Electric Cooperative (REC). There are no statutory provisions exempting REC customers from the gross receipts tax billed by the REC. Further, "gross receipts or gross proceeds" set forth in Section 1352(12) of Title 68 is the base upon which sales and use tax is calculated and is not applicable to the utility gross receipts tax.
Therefore, disabled veterans receiving compensation at the one hundred percent rate are not exempt from the 2% gross receipts tax itemized by the REC on their electric bills.

Sincerely,

OKLAHOMA TAX COMMISSION

Brenda J. Sullivan
Tax Policy Analyst

[1] 68 O.S. § 1357(34)
[2] 68 O.S. 1404(4)
[3] 68 O.S. 2105(16)
[4] Article 10, Section 8E of the Oklahoma Constitution