OKLAHOMA TAX COMMISSION

TAX POLICY DIVISION

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December 28, 2011

Re: LR-11-124; Sales Tax Exemptions/Incentives

Dear

This is in response to your inquiry regarding tax exemptions and incentives for a company that purchases animal fat and sells the fat to another company that uses the fat to make biofuels. Set forth are your questions and the responses thereto.

QUESTION

Is the buying, selling, or storing of the fat to be sold to the biofuels company sales tax exempt to the company who bought the fat and is selling the fat to the biofuels company?

RESPONSE

Section 1357(3) of Title 68 of the Oklahoma Statutes, exempts from sales tax, "sales for resale to persons engaged in the business of reselling the articles purchased, whether within or without the state, provided that such sales to residents of this state are made to persons to whom sales tax permits have been issued as provided in this article.

If the "Company" is regularly engaged in the business of reselling animal fat it must have a sales tax permit. The sales tax permit would allow the "Company" to purchase the animal fat for resale exempt from sales tax. In turn the "Company" would be required to collect and remit sales tax on those taxable sales made in Oklahoma. The proper documentation that a vendor must obtain and maintain when making a sale to a person claiming a manufacturing or resale exemption is outlined in OAC 710:65-7-9 and OAC 710:65-7-8, respectively, copies enclosed. To register for a sales tax permit, a completed Business Registration Packet (Packet A) available online at www.tax.ok.gov should be submitted, along with the $20.00 fee, to the Taxpayer Assistance Division, Oklahoma Tax Commission, P.O. Box 26920, Oklahoma City, OK 73126-0920.

QUESTION

Are there any other tax exemptions or incentives for this company that buys and resell the animal fat for the use in making biofuels?

RESPONSE

There are no other known sales or use tax exemptions for the "Company" described above as a vendor of animal fat.

This response applies only to the circumstances discussed in your request of November 14, 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

Brenda J. Sullivan
Tax Policy Analyst