OKLAHOMA TAX COMMISSION

TAX POLICY DIVISION

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December 28, 2011

Fax:

Re: LR-11-130; Oklahoma Drop Shipment Scenario

Dear

This is in response to your request regarding Oklahoma's treatment of certain third party drop shipments. Set forth verbatim are the facts presented in your correspondence of November 30, 2011 along with the questions posed and our response thereto.

Facts

Company A (out-of-state) receives an order for goods from customer C (in Oklahoma). Company A contracts with Company B (out-of-state by registered in Oklahoma) to deliver goods to customer C in Oklahoma by common carrier. Company B (out-of-state by registered in Oklahoma) bills Company A for the goods delivered to Customer C in Oklahoma and includes Oklahoma sales tax.

Questions

Is Company A responsible to pay the sales tax? If not, what documentation needs to be sent from Company A to Company B in order to have a resale exempt certificate?

Response

In order to purchase exempt for resale, Oklahoma will accept a resale certificate from the state of Company A unless it is a resident of Oklahoma required to hold an Oklahoma Sales Tax Permit. Additionally, Company A should provide to Company B written confirmation that it is in the business of reselling the items being purchased and that the items being purchased are for resale. The certificate should be signed by a person authorized to bind Company A. The certification may be made in the manner set forth in subdivision (1) of Oklahoma Administrative Code 710:65-13-200, a copy of which is enclosed.

This response applies only to the circumstances discussed in your request of November 30, 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