

OKLAHOMA TAX COMMISSION

TAX POLICY DIVISION

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



June 13, 2012

Re: LR-12-041

Dear _____

This is in response to your inquiry regarding whether a customer facility charge should be included in gross receipts for sales and vehicle rental tax calculation purposes. It is my understanding based on the facts outlined in your correspondence of May 18, 2012 and the documentation attached thereto that:

Pursuant to 3 O.S. § 65.5 the Oklahoma City Airport Trust and the Oklahoma City Council adopted a joint resolution establishing, effective July 1, 2012, a \$4.50 per transaction day customer facility charge ("CFC") at Will Rogers World Airport to fund the rental car program. Specifically, the resolution provides that "any On-Airport Rental Car Company renting an automobile to an Airport Customer from either a location on the Airport's premises or from a location off-Airport but with an Airport Customer shall collect from the Airport Customer a CFC in the amount of \$4.50 per Transaction Day. The CFC collected by the Rental Car Company shall be deemed to be the property of the Trust and shall be held in trust by the Rental Car Company for the benefit of Trust."

Gross receipts, gross proceeds, or sales price is the base upon which sales tax is calculated. The terms are synonymous and are defined as "the total amount of consideration . . . for which personal property or services are sold . . . whether received in money or otherwise. . . ." 68 O.S. § 1352(12)(a). A deduction from gross receipts is allowed for "any taxes legally imposed directly on the consumer that are separately stated on the invoice, bill of sale or similar document given to the purchaser." 68 O.S. § 1352(12)(b)(3).

Since the incidence of the subject customer facility charge is on the consumer/rental car customer, the CFC, if separately stated, should not be included in gross receipts for sales tax

calculation purposes. Likewise, consistent with this reasoning and stated condition, the computation of vehicle rental tax imposed pursuant to Section 2110 of Title 68 on the gross receipts of any rental agreement of a motor vehicle for ninety days or less, should not include the CFC.

This response applies only to the circumstances discussed in your written request of May 18, 2012. 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

A handwritten signature in cursive script that reads "Christy J. Caesar".

Christy J Caesar
Tax Policy Analyst