

# OKLAHOMA TAX COMMISSION



TAX POLICY DIVISION  
RICK MILLER, DIRECTOR

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October 10, 2012

Re: LR-12-049; Sales Tax Inquiry

This is in response to request regarding the proper sales tax calculation on your lodging sales. The facts outlined in your correspondence of June 14, 2012 along with the response thereto are set forth below.

We have a new business, a bed and breakfast. To get things off and running we ran a deal on [redacted] For a two night stay they charged \$203 and I was told to collect sales tax from the people who bought the vouchers when they come to stay at [redacted]

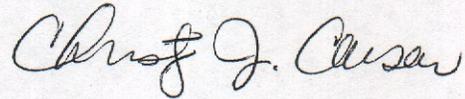
So my question is do I charge on the \$203 or on what I actually made which is \$149.20? Part of the reason I am confused about this is because I have also talked to Bedandbreakfast.com and we are considering using an online reservation service that will enable the [redacted] to be listed on various sites like Expedia, Travelocity, etc. and they have told me they pay the sales tax before they send me my part of the payment. For example, a one night stay is advertised at \$100 and John Doe buys it. The service pays the sales tax, keeps their commission of 25% and pays me the balance and I don't have to file a report for that sale. (Of course, if there are additional services the customer wants when he gets here, I bill him for that and charge sales tax.

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). No deduction from gross receipts is allowed for "interest, losses, all costs of transportation to the seller, all taxes imposed on the seller, and any other expense of the seller." 68 O.S. § 1352(12)(a)(3). The amount paid to or retained by [redacted] in payment of its services constitutes an expense of [redacted] and may not be deducted from the gross receipts for sales tax computation purposes. Therefore, sales tax should be calculated on the \$203.

This response applies only to the circumstances discussed in your written request of June 14, 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". The signature is written in dark ink and is positioned below the typed name of the signatory.

Christy J. Caesar  
Tax Policy Analyst