OKLAHOMA TAX COMMISSION

TAX POLICY DIVISION
RICK MILLER, DIRECTOR

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July 22, 2013

Re: LR-12-071

Dear

This is in response to your request for a letter ruling regarding sales/use tax reporting for items repaired while warehoused in Oklahoma. Set forth are the facts presented along with the question posed and the response thereto.

FACTS

We are a company who repair and maintain medical equipment, both biomedical and digital imaging. Prior to the event below, we had never had any activity in Ok.

As you know, May, 2011, a tornado ripped through Joplin, MO with major consequences, and among the worst damaged buildings was . Immediately after the event, we were subcontracted by , a based disaster recovery company, to provide one of our digital imaging technicians to assist in evaluating (and repair where feasible) any equipment which was salvageable. All of our billing is done directly to this contractor.

What we did not realize (here in our home office) until recently was that the equipment had been sent to a warehouse in Ok for storage, evaluation, and repair as appropriate. Apparently this was arranged by the insurance company handling the claim.

Therefore, our question is whether we are liable to file Sales and Use Tax returns in Oklahoma for and , or whether the fact that it is all Missouri property warehoused in Oklahoma just until it can be repaired (or disposed) would make it not subject to sales tax reporting in OK. Again, we did not realized here in this office until very recently that Oklahoma was involved in the process, and we want to make sure we are reporting (or not reporting) correctly to each state as appropriate.

RESPONSE

is liable for use tax on equipment brought into Oklahoma for storage, use or other consumption in this state. However, a credit against the use tax paid is allowed for tangible personal property intended solely for use in other states, but which is stored in Oklahoma pending shipment to such other states or which is temporarily retained in Oklahoma for the purpose of fabrication, repair, testing, alteration, maintenance, or other service. In such instances the use tax must be paid at the time of importation or storage of the property within the state and a subsequent credit taken by the taxpayer for the use tax paid upon removal of the property from the state. 68 O.S. § 1402, copy enclosed.

This response applies only to the circumstances discussed in your request of August 28, 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

Brenda J. Sullivan

Brenda J. Sullivan
Tax Policy Analyst