

# OKLAHOMA TAX COMMISSION



TAX POLICY DIVISION  
RICK MILLER, DIRECTOR

PHONE (405) 521-3133  
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September 17, 2013

Re: LR-13-044;

Dear

This is in response to your request for a determination of the taxability of your products, replacement parts, labor and extended warranty and the governing sales tax laws in Oklahoma. Set forth are the facts presented and the response thereto.

## FACTS

is very excited to announce we are now selling a brand new product line, the will be manufacturing and distributing our newest cardiovascular blood management product, th The product line will consist of the durable product, replacement parts, labor and warranty. From time to time we may sell our products to for-profit and/or not-for-profit healthcare organizations within your state.

## RESPONSE

The sale of tangible personal property in Oklahoma, unless specifically exempted by the provisions of the Oklahoma Sales Tax Code, is subject to the levy of sales tax. 68 O.S. §1354(A)(1). The Oklahoma Sales Tax Code does not contain a blanket exemption for sales of medical products such as the . Further, hospitals, clinics and similar institutions in addition to physicians are considered to be the users or consumers of all tangible personal property and services used in the provision of health care services. OAC 710:65-13-170(c). Therefore, under the described circumstances, unless the purchasing health

care provider holds an Oklahoma direct pay permit,<sup>1</sup>  
and remit sales/use tax on sales of the  
state.

should collect  
made in this

The sales taxability of warranty and extended warranty agreements is governed by Oklahoma Administrative Code 710:65-19-365 and 710:65-19-371. For non-warranty repairs, the charges listed and invoiced by \_\_\_\_\_ o its customers for replacement parts are subject to Oklahoma sales/use tax. The separately stated labor/installation charges are not subject to tax.

Attached are copies of the above-referenced Oklahoma statutes and administrative rule provisions.

This response applies only to the circumstances discussed in your request of May 17, 2013. 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  
Tax Policy Analyst

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<sup>1</sup> Pursuant to issuance of a direct payment permit Oklahoma law authorizes a business in Oklahoma to make direct payment to the Oklahoma Tax Commission of sales and/or use taxes rather than paying the taxes to the vendor when making purchases of items for use or to be consumed in the business. 68 O.S. § 1364.1