

# OKLAHOMA TAX COMMISSION

TAX POLICY DIVISION  
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August 16, 2013

Re: LR-13-060

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This is in response to your request for a letter ruling on the correct procedures for applying sales to the scenarios presented in your correspondence of July 19, 2013. Set forth below are the facts presented along with the scenarios posed and the response thereto.

## FACTS

One of the products we sell is a specialized mobile vehicle, therefore, subject to being titled and the customer will pay excise tax when they title the vehicle. However, we have a sales tax permit in Texas also because we do service work to rigs in Texas.

### Scenario 1

If a Texas customer buys a rig we have located in Texas, we charge Texas sales tax.

### Reponse to Scenario 1

The Oklahoma Tax Commission cannot rule on the proper application of Texas sales tax on a sale occurring in that state. The Texas Comptroller of Public Accounts' Office would need to be contacted to determine whether Texas sales tax is applicable to the referenced transaction.

### Scenario 2

If a Texas customer comes to Oklahoma and buys a rig and picks the rig up in Oklahoma, should we charge Oklahoma sales tax because the customer is not going to title the vehicle in Oklahoma.

## Response to Scenario 2

Vehicle excise tax is levied upon the transfer of legal ownership of any vehicle registered in this state, upon the use of any vehicle registered in this state or upon the use of any vehicle registered for the first time in this state; 68 O.S. § 2103(A)(1). The tax is due at the time of the transfer of legal ownership or first registration and is collected at the time of the issuance of an Oklahoma certificate of title. 68 O.S. § 2103(A)(3). In Oklahoma special mobilized machinery<sup>1</sup> is subject to the referenced excise tax provisions of the Oklahoma Statutes.

The fact that the special mobilized vehicle or rig purchased from your company is to be taken out of state and not titled in Oklahoma does not make the described transaction subject to Oklahoma state and local sales tax.

## Scenario 3

If a Texas customer comes to Oklahoma buys the rig and we deliver the rig to Texas, we charge Texas sales tax.

## Response to Scenario 3

Under the described scenario, Oklahoma state and local sales tax should not be charged and collected by

This response applies only to the circumstances discussed in your request of July 19, 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



Christy J. Caesar  
Tax Policy Analyst

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<sup>1</sup> 47 O.S. §1102(32) defines "special mobilized machinery" as "special purpose machines or devices, either self-propelled or drawn as trailers or semitrailers, which derive no revenue from the transportation of persons or property, whose use of the highway is only incidental, and whose useful revenue producing service is performed at destinations in an area away from the traveled surface of an established open highway".