OKLAHOMA TAX COMMISSION

TAX POLICY DIVISION
RICK MILLER, DIRECTOR

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December 26, 2013

RE: LR-13-078 (Sales Tax Inquiry)

Dear

This letter is in response to your request regarding Oklahoma sales tax. Set forth verbatim are the facts presented along with the response thereto.

Facts:

There is some confusion regarding or rather explaining your state statute regarding Sales and Use Tax- Automotive repair shops. Paint, primer, and thinners are deemed "varying volumes" and the way I understand it, the consumer even though providing a tax exemption permit would have to pay tax on these items?

When I explain to customers that this is deemed a supply by the state-they say no, they have to pay it to the state, so understandably do not wish to pay it twice. So in this sense the Statute is vague.

Scenario: Customer provides Tax Permit and exemption form. Purchases-tape (taxable) Fender (exempt), one gallon of paint (taxable based on your statute)

Response:

may sell the listed items to its customers claiming a sale for resale exemption who provide a properly executed sales tax certificate consistent with OAC 710:65-7-8 without collecting sales/use tax on the transactions. Consequently, customers claiming the resale exemption will be responsible to accrue and remit sales tax on those items subsequently withdrawn from inventory for their own use and consumption.

This response applies only to the circumstances discussed in your written request of October 25, 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

Marc Morrison

Marc Morrison
Tax Policy Analyst