OKLAHOMA TAX COMMISSION

TAX POLICY DIVISION
RICK MILLER, DIRECTOR

PHONE (405) 521-3133
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March 26, 2014

[redacted]

Re: LR-14-6 (Sales Tax Inquiry)

Dear [redacted]

This is in response to your request for a determination of the taxability of fuel that is used to power locomotives. Set forth verbatim are the facts presented in your correspondence of January 27, 2014, along with the question posed and our response thereto.

Facts

I would like to request the code that applies to the following scenario:

Fuel imported into the state of Oklahoma for locomotive use is exempt from sales tax. This fuel would be used to power the locomotive.

Response

Motor fuels such as regular diesel fuel are subject to motor fuel tax, rather than sales and use tax. However, pursuant to 68 O.S. §500.10(13), regular diesel fuel is exempt from motor fuel tax if the diesel fuel is used in railroad locomotives.

Pursuant to 68 O.S. § 500.10(16), dyed diesel fuels are not subject to motor fuel tax, but are instead subject to Oklahoma sales and use tax. If dyed diesel fuels are being imported into

Oklahoma, they are subject to use tax. However, if the dyed diesel fuels are purchased by railroads, they are exempt from use tax pursuant to 68 O.S. §1404(6).

It is important to note, an importer of motor fuel must be registered and licensed with the Oklahoma Tax Commission before being able to take advantage of the tax exemptions. If needed, please contact our Taxpayer Assistance Division at (405)521-3160 for assistance on becoming a licensed importer.

Attached is the copy of the above-referenced Oklahoma Tax Commission administrative rule provisions and forms.

This response applies only to the circumstances discussed in your request of January 27, 2014. 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

Morgan E Lankford

Morgan E. Lankford
Tax Policy Analyst