OKLAHOMA TAX COMMISSION

TAX POLICY DIVISION
RICK MILLER, DIRECTOR

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May 8, 2014

[redacted]

Re: Our File Number LR-14-008

Dear [redacted]

This is in response to your inquiry for written clarification on whether the provision of background music is subject to sales tax in the state of Oklahoma. Set forth are the fact scenarios presented in your correspondence and the responses thereto.

FACTS

The service involves providing background music to various customers. The scenarios include the following:

1. Music via satellite. A receiver is provided to the customer and the music is streamed via satellite to the customer location. Customer pays a monthly fee for the music. Receiver can be either purchased or leased by the customer.

RESPONSE

Monthly fees associated with music provided via satellite, which are separately stated from the sale or lease of tangible personal property are not subject to Oklahoma sales and use tax. However, charges for the sale or lease of receiving equipment or any other type of tangible personal property are subject to Oklahoma sales tax. OAC 710:65-1-11.

2. On location music. The customer has a music player at their location and the music is either updated via new disc or through internet download. Again the customer pays a monthly fee for the music and the customer has the option of purchasing or leasing the music player.

RESPONSE

Monthly fees associated with the delivery of music via internet download that are separately stated from the sale or lease of tangible personal property are not subject to Oklahoma sales and use tax. Amounts bill for music discs are subject to sales tax along with charges for the sale or lease of music players or any other tangible personal property. OAC 710:65-19-156(b)(6) and 710:65-1-11.

Copies of the above-referenced administrative code provisions are enclosed.

This response applies only to the circumstances discussed in your request of April 1, 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

Brenda J. Sullivan
Tax Policy Analyst