OKLAHOMA TAX COMMISSION

TAX POLICY DIVISION
RICK MILLER, DIRECTOR

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June 5, 2014

[redacted]

Re: Our File Number LR-14-028

Dear [redacted]

This is in response to your inquiry for guidance and clarification on sales/use tax treatment of drop shipments in the State of Oklahoma. Set forth are the fact and questions presented and the responses thereto.

FACTS

We are a retail company based in [redacted] that sells automotive parts and services, with retail locations in your state. We also sell to online resellers that require us to drop ship their orders to their customers within your state. Such online resellers might not have nexus in your state, therefore, are not registered to collect or remit sales/use tax. Please provide guidance and clarification for the followings:

QUESTION 1

Who is responsible for collecting and remitting sales/use tax if the online reseller is not registered to collect or remit sales/use tax?

RESPONSE TO QUESTION 1

An instate purchaser that buys merchandise out-of-state for its own use or consumption in Oklahoma from a vendor that is not required or has not voluntarily agreed to collect Oklahoma use tax, must accrue and remit consumer use tax.

QUESTION 2

Can we accept another state's resale certificate?

RESPONSE TO QUESTION 2

Yes, Oklahoma will accept a resale certificate from the state of the buyer unless the buyer is a resident of Oklahoma required to hold an Oklahoma Sales Tax Permit.

QUESTION 3

If the consumer is responsible for reporting Use tax. Who is responsible to inform the final consumer of their reporting responsibility?

RESPONSE TO QUESTION 3

Online resellers making sales of tangible personal property from a place of business outside Oklahoma for use in this state who are not required to collect Oklahoma use tax, must provide notification on their retail Internet websites or retail catalogs and invoices provided to their customers that use tax is imposed and must be paid by the purchaser, unless otherwise exempt. 68 O.S. § 1406.1.

Copies of the referenced statutory and administrative rule provisions are enclosed.

This response applies only to the circumstances discussed in your request of April 28, 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