OKLAHOMA TAX COMMISSION

TAX POLICY DIVISION
RICK MILLER, DIRECTOR

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October 7, 2014

[redacted]

Re: LR-14-047; Taxability of automated pharmacy counting machine

Dear [redacted]

This is in response to your request regarding the sales taxability of an automated pharmacy counting machine purchased by [redacted] and [redacted] for use to fill prescription drugs.

Pursuant to 68 O.S. § 1354(A) there is levied upon all sales, not otherwise exempted in the Oklahoma Sales Tax Code, an excise tax of four and one-half percent (4.5%) of the gross receipts or gross proceeds of each sale of the following:

1. Tangible personal property, except newspapers and periodicals;

* * *

Section 1357(3) of Title 68, exempts from sales tax, "sales for resale to persons engaged in the business of reselling the articles purchased. . . ."

Tax Commission records indicate that your company currently holds a valid sales tax permit which allows it to purchase exempt from sales tax items for resale to its customers. These items include labels and other packaging which will be placed on or accompany the tangible personal property held for resale. (See redacted letter ruling LR-08-023 enclosed). However, the automated pharmacy counting machine does not qualify for exemption since it will not be held for resale but will be used exclusively by [redacted] to fill prescription drug orders. As such, [redacted] and [redacted] owes state sales or use tax and any local tax as applicable on the purchase of the automated pharmacy counting machine.

In the event [redacted] and [redacted] purchases items for its own use or consumption (not for resale) from an out-of-state vendor who is not required to collect Oklahoma sales or use

tax, it must accrue Oklahoma state and any applicable local use tax on the items purchased[1] and report same on Line 1 of the Consumer Use Tax Report Form SCU 20004 pursuant to an Oklahoma consumer use tax account.

This response applies only to the circumstances discussed in your request of July 22, 2014. Pursuant to Oklahoma Administrative Code Rule 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,

Brenda J. Sullivan
Tax Policy Analyst

[1] 68 O.S. 2011 § 1402.