OKLAHOMA TAX COMMISSION

TAX POLICY DIVISION
RICK MILLER, DIRECTOR

PHONE (405) 521-3133
FACSIMILE (405) 522-0063

September 25, 2015

Re: LR-15-04 (Sales Tax Inquiry)

Dear

This is in response to your request for a determination of whether re-rented equipment is subject to sales tax. Set forth verbatim are the facts presented in your correspondence of February 2, 2015, along with the question posed and our response thereto.

Facts

has been directed to your department to inquire about sales tax exempt activity regulations in your state. is an oilfield merchandise retailer who is renting equipment from vendors in Oklahoma and then re-renting the same equipment to various oilfield customers on-site in Oklahoma as requested. The concept falls in line with the merchandise resale conditions that currently uses for tax exempt product purposes. Are the re-rented items tax-exempt for these types of resale transactions?

Question:

Are the rented items that are being re-rented considered tax-exempt?

Response:

The sale of tangible personal property in Oklahoma is subject to sales tax. 68 O.S. § 1354. However, may rent exempt from sales tax, items of tangible personal property for purposes of renting those items to its customers provided that possesses an Oklahoma sales tax permit. 68 O.S. 1357(3) and OAC 710:65-13-200. The documentation set out in OAC 710:65-7-8 should be provided to its vendors. Further, is required to collect, report and remit sales tax on rentals to its customers unless otherwise exempted by statute. Copies of the referenced

statute and administrative rules are enclosed. To register for a sales tax permit, a completed Business Registration Packet (Packet A) available online at www.tax.ok.gov should be submitted, to the Taxpayer Assistance Division, Oklahoma Tax Commission P. O. Box 26920, Oklahoma City, OK 73126-0926.

Attached are copies of the above-referenced Oklahoma Tax Commission administrative rule provisions.

This response applies only to the circumstances discussed in your request of February 2, 2015. 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