

OKLAHOMA TAX COMMISSION



TAX POLICY DIVISION
RICK MILLER, DIRECTOR

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

June 16, 2015

Re: Our File Number LR-15-016

Dear

This is in response to your request regarding the sales tax treatment of the rental of wooden cubbies. Set forth below are the facts presented in your correspondence of February 25, 2015 and our response thereto.

FACTS

I have a client who owns a large warehouse (real property) located in _____ My client is going to build permanently attached wooden cubbies in the warehouse and then rent/lease out the cubbies to customers to store their own personal property in the cubbies. My Client will not be selling any tangible personal property. My client will simply be renting the wooden cubby space to customers. As a result, I believe the rental of the cubbies will not be subject to Oklahoma sales and/or use tax.

RESPONSE

In Oklahoma, sales tax is levied on the gross receipts from the sale of tangible personal property, certain services and other transactions as specified in Section 1354 of Title 68 of the Oklahoma Sales Tax Code. Tangible personal property is defined to mean "personal property that can be seen, weighed, measured, felt, or touched or that is in any other manner perceptible to the senses . . . [and] includes electricity, water, gas, steam and prewritten computer software. The term does not include real property, such as land and buildings, tangible personal property that loses its identity when it becomes an integral and inseparable part of the realty, or tangible personal property which is removable only with substantial damage to the premises."

The rental of wooden cubbies permanently attached in a warehouse does not constitute the transfer of tangible personal property nor does it fall within the enumerated transactions subject

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to sales tax pursuant to Section 1354 of Title 68 of the Oklahoma Statutes. Therefore, amounts billed for the rental/lease of the described wooden cubbies are not subject to sales tax.

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

This response applies only to the circumstances discussed in your request of February 25, 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

A handwritten signature in cursive script that reads "Brenda J. Sullivan".

Brenda J. Sullivan
Tax Policy Analyst