OKLAHOMA TAX COMMISSION

TAX POLICY DIVISION
RICK MILLER, DIRECTOR

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

July 13, 2016

RE: Sales Tax Inquiry; Our File No. LR-15-039

Dear

This is in response to the request regarding the sales taxability of renewal, dashboard and personal website fees charged by to its distributors. Set forth verbatim are the facts presented along with the response thereto.

Facts:

sells nutritional, dietary, and skin care products though a multi-level network of independent distributors. is considered an "MLM" or multi-level marketer such as only United States based physical location is in Missouri. charges sales tax based upon the address to which we ship and based upon suggested retail price. On behalf of and its independent distributors, files one consolidated state sales/excise tax return in lieu of each independent distributor filing a separate return with your state.

While we have obtained previous rulings from your state on the taxability of our products and charges, we would like to ensure that our sales tax collection procedures are in compliance with all current law. Please provide us with a letter ruling or binding opinion on the taxability of our renewal, dashboard and personal website fees.

Renewal fees:

Distributors are required to renew their status annually. The annual renewal fee of $25.00 is paid by each distributor to remain in "active" status. All "active" distributors receive a Lifestyle magazine on a quarterly basis and maintain their wholesale discount on products purchased. Distributors earn a percentage discount off the retail price on the products purchased based on the distributors' volume of products purchased. Active distributors are also eligible to receive distributor business support services and access to the Relive web site.

Please note customers are not required to pay a renewal fee, yet customers also receive the quarterly Lifestyle magazine. Customers may also be eligible to receive a percentage discount off the retail price on the products purchased based on varying promotions.

Dashboard and personal website fees (sold as a bundle):

Distributors have the option of purchasing the dashboard and personal website (sold as a bundle only). The distributor dashboard service provides a distributor with immediate 24/7 access to information on all activity on the distributorship and online tools to track, manage and grow the business. Personal websites allow the distributor to give presentations through a mobile device. The Personal websites also enable the distributor to add customers and downline distributors to their own shopping cart and online sponsoring.

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. The amounts charged by to its distributors for maintenance of active distributor status and for dashboard and personal website access do not fall within the enumerated transactions subject to sales tax.

This response applies only to the circumstances discussed in your written request of October 29, 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

Marc Morrison

Marc Morrison
Tax Policy Analyst