

OKLAHOMA TAX COMMISSION

TAX POLICY AND RESEARCH DIVISION
TONY MASTIN, DIRECTOR

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February 6, 2003

Re: Our File Number LR-03-027; Taxability of sale/leaseback transaction

This is in response to your inquiry for a written response concerning the transaction described in your letter where your client, purchased computer equipment and then entered into a lease agreement with for its computer equipment.

Please be advised that Commission rule 710:65-1-11 would apply to the fact scenario described in your correspondence as a sale and leaseback and is an exempt transaction. Also, see "sale and leaseback" defined in Commission Rule 710:65-1-2.

Moreover, a person who has purchased equipment and is selling the equipment is, for that specific transaction, a Vendor. The leasing company is, for that transaction, a Vendee. Therefore, no sales tax is due on the lease payments from to , in as much as the transaction coincides with the above rules as being exempt.

Enclosed find the Commission Rules referenced. If I can be of further assistance please feel free to contact me.

Sincerely,


Brenda J. Sullivan
Tax Policy Analyst

Enclosure