

OKLAHOMA TAX COMMISSION

TAX POLICY AND RESEARCH DIVISION
TONY MASTIN, DIRECTOR

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December 29, 2003

Re: Our File Number LR-03-252; Tax status of installation services

Please be advised that labor charges for installation repairs or other special services are not taxable if the vendor and vendee agree to them separately and they are disclosed as a separate line item on the bill or invoice. See Commission Rules 710:65-19-158 and 710:65-19-159. However, there is one exception to this general rule. Section 1354 (4) of Title 68 levies a sales tax on "all local telecommunications service and rental charges including all installation and construction charges and all service and rental charges having any connection with transmission of any message or image." See Commission Rules 710:65-19-329 and 710:65-19-330.

Therefore, the transaction listed on your statement as an installation charge is not subject to sales tax when such charge is separately stated on the invoice or bill. Copies of the Statute and Commission Rules referenced are enclosed for your information. If I can be of further assistance, please feel free to contact me.

This response applies only to the circumstances set out in your request of November 11, 2003. Pursuant to Commission 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 that there has been no change in applicable law.

Sincerely,

Brenda J. Sullivan
Tax Policy Analyst

Enclosures