Oklahoma Sales Tax Vendor Responsibilities - Exempt Sales

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Oklahoma Tax Commission

2501 North Lincoln Boulevard
Oklahoma City, Oklahoma 73194-0010

Publication D
Revised November 2014

A Message from the Oklahoma Tax Commission

Dear Vendor,

This packet of information contains the rules concerning tax exempt sales and examples of the exemption documents that are either issued or approved by the Oklahoma Tax Commission. Once you have read the following information, if you have any questions or comments, please contact our Taxpayer Service Center at (405) 521-3160.

Personal Use of Sales Tax Exemption Permit Prohibited:

Section 1356.2 of the Oklahoma Statutes [HB 2510 (2012)] prohibits a person from claiming a sales tax exemption granted an organization pursuant to Section 1356 or 1357 of Title 68 in order to make a purchase exempt from sales tax for his/her personal use and further provides that any person who knowingly makes a purchase in violation thereof shall be guilty of a misdemeanor, subject to a fine equal to double the amount of sales tax involved and/or incarceration for not more than 60 days. Violators shall also be subject to an administrative fine of not more than $500 which shall be deposited to the General Revenue Fund.

Vendors may be relieved of sales tax liability on exempt sales if at or before the time of sale, they obtain and retain properly executed documents as evidence of the sales tax exemption.

Vendors should obtain the necessary document for each exempt sale and retain the document with the sales invoice for a period of 3 years from the date of invoice or date of sales tax remittance, whichever is later. Generally, if you are going to make a series of exempt sales to the same person, you may obtain the documentation and keep it on file. During daily business operations, you may be presented with a variety of documents from exempt purchasers. If you have any questions concerning the validity of a document or a claimed exemption, please utilize one of the following:

To verify sales tax and agricultural exemption permits - call (405) 521-3160 and select the option you may need and follow the system prompts. Our interactive system is available 24 hours a day, 7 days a week.

Our Taxpayer Service Center is open Monday through Friday 7:30 am - 4:30 pm. You can contact our service center at (405) 521-3160.

A vendor **who holds a current sales tax permit** may also obtain a file of all sales tax permit holders for a fee of $150.00 annually. This file is updated monthly. To apply for the file you must complete OTC Form FTS-7. This form may be obtained by calling 1-405-522-0145. Mail your completed Form FTS-7 with the fee to:

Oklahoma Tax Commission
Taxpayer Assistance Division
2501 North Lincoln Boulevard
Oklahoma City, Oklahoma 73194

Sincerely,
Taxpayer Assistance Division
Oklahoma Tax Commission

EXEMPTION NOTICE • EXEMPTION NOTICE • EXEMPTION NOTICE • EXEMPTION NOTICE • EXEMPTION NOTICE

This Vendor Cooperates With the Oklahoma Tax Commission to Verify Purchaser Liability

The Oklahoma Sales Tax Code requires every vendor in this state to collect the appropriate amount of state and local sales taxes as imposed by law.

Vendors are held liable for the collection and remittance of these taxes unless the purchaser timely provides the vendor with documentation that the purchaser is exempt from the payment of sales taxes.

Oklahoma law also provides that, if the Oklahoma Tax Commission finds that a purchaser improperly presents exemption documents or uses the property for a non-exempt purpose, the purchaser shall be liable for the tax and can be assessed a $500 fine. If this occurs, the Oklahoma Tax Commission may pursue collection from the purchaser and the vendor shall not be held liable for the tax.

Oklahoma Tax Commission
2501 North Lincoln Boulevard
Oklahoma City, Oklahoma 73194

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Rule 710:65-3-33.
Records required to support deductions from gross receipts for purposes of calculating sales tax:

(a) Supporting records required. Where the nature of a business is such that charge and time sales are made, or where the nature of the business is such that a portion of its sales are for resale, or are within the protection of the Commerce Clause of the Constitution of the United States, or consist of services, or are made to exempt churches, to a government body, or are exempt from the tax on some other ground, then such records as will clearly indicate the information required in filing returns must be kept.

(b) Complete and detailed records required. To support deductions made on the tax return, such as sales for resale, sales within the protection of the Commerce Clause of the Constitution of the United States, sales made to churches, or sales made to any government body, the vendor's records for each transaction for which is claimed shall be in detail sufficient to show:

(1) The name and address of the customer,
(2) The character of the transaction,
(3) The date,
(4) The amount of gross receipts or gross proceeds, and
(5) Such other information as may be necessary to establish the nontaxable character of such transaction under the Sales Tax Code.

(c) Purchaser resale number requirement. Anyone claiming a sale for resale exemption shall also keep a record of the purchaser's resale number issued by the Commission. The failure to obtain and keep a record of the purchaser's resale number shall create a presumption that the sale was not a sale for resale. The vendor may, however, present other documentary evidence from its books and records to overcome this presumption. **[See: 68 O.S. §1365(C)] [Source: Amended at 11 Ok Reg 3521, effective 6/26/94]**

Rule 710:65-7-6.
Vendors' or certified service providers' relief from liability and duty to collect sales tax.

(a) Presumption of taxability. All sales are presumed to be subject to sales tax unless specifically exempted by the Sales Tax Code. Vendors are liable for the sales tax collected as well as for tax that should have been collected.

(b) When vendor or certified service provider may be relieved of liability. A vendor or certified service provider shall be relieved of any liability for the tax and of the duty to collect imposed by Section 1361 of Title 68 of the Oklahoma Statutes if the vendor, in good faith, timely accepts from a consumer, properly completed documentation certified by the Oklahoma Tax Commission that such consumer is exempt from the taxes levied by the Oklahoma Sales Tax Code.

(c) General requirements. Three requirements must be met before the vendor or certified service provider is relieved of liability.

(1) **Vendor or certified service provider good faith.** Good faith requires that the vendor strictly comply with statutory requirements.
(2) **Timely acceptance from a consumer.** Timely acceptance from a consumer requires that documentation be in the possession of the vendor within ninety (90) days subsequent to the date of sale. In the case of continued sales to the same purchaser, the vendor must have, on file, a sales tax permit, card, or exemption letter for each renewal interval. If no renewal interval is provided by statute, the renewal period will be deemed three (3) years, except in the case of entities with specific statutory exemptions who have established eligibility as set out in 710:65-7-15 and 710:65-7-17 through 710:65-7-19.
(3) **Properly completed documentation certified by the Oklahoma Tax Commission.** Examples of properly completed documentation certified by the Oklahoma Tax Commission are described in 710:65-7-8 through 710:65-7-15 and 710:65-7-17 through 710:65-7-19.

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(d) When vendor or certified service provider may not be relieved of liability. Relief from liability for the tax and of the duty to collect imposed by Section 1361 of Title 68 shall not apply to:

(1) a seller or certified service provider who fraudulently fails to collect tax;
(2) a seller who solicits purchasers to participate in the unlawful claim of an exemption; or
(3) a seller who accepts an exemption certificate when the purchaser claims an entity-based exemption when:
  (A) the subject of the transaction sought to be covered by the exemption certificate is actually received by the purchaser at a location operated by the seller; and
  (B) the Tax Commission provides an exemption certificate that clearly and affirmatively indicates that the claimed exemption is not available in this state.

(e) Specific applications. The items of information described in 710:65-7-8 through 710:65-7-15 and 710:65-7-17 through 710:65-7-19 shall constitute minimum requirements to establish "properly completed documentation certified by the Tax Commission" for each respective category of purchasers.

710:65-7-8.
Sales for resale. In the case of sales for resale, items set out in this section are required to establish properly completed documentation:

(1) A **copy** of the purchaser's sales tax permit, **or if unavailable**, the purchaser's name, address, sales tax permit number, and its date of expiration. If a copy of the sales tax permit is unavailable, and if the information provided has not been previously verified, it must be verified by either calling the Taxpayer Assistance Division or by reference to the sales tax permit list obtained pursuant to OAC 710:65-9-6;
(2) A statement that the articles purchased are purchased for resale;
(3) The signature of the purchaser or a person authorized to legally bind the purchaser;
(4) Certification on the face of the invoice, bill or sales slip or by a separate document, that says the purchaser is engaged in reselling the articles purchased; and,
(5) In cases where purchases are made on regular basis, and the certification indicates that all purchases are for resale, then subsequent purchases may be made without further certification until the expiration date of the permit.

Rule 710:65-7-9.
Sales to a manufacturer. In the case of sales to purchasers claiming exemption for manufacturing, the vendor must obtain a **copy** of the purchaser's manufacturer's exemption permit issued pursuant to 68 O.S. § 1359.2 (hereafter referred to as "Sales/Manufacturers Permit"), **or if unavailable**, the name, address, and Sales/Manufacturers Permit number of the purchaser **or**, a statement that contains the information that would appear on the Sales/Manufacturers Permit. If a copy of the Sales/Manufacturers Permit is unavailable and if the information provided has not been previously verified, it must be verified by either calling the Taxpayer Assistance Division or by reference to the sales tax permit list obtained pursuant to OAC 710:65-9-6.

Rule 710:65-7-10.
Sales made pursuant to a direct payment permit. In the case of sales made to purchasers claiming deferral pursuant to a direct payment permit, the vendor must obtain the items of information described in this section:

(1) A **copy** of the purchaser's Direct Payment Permit (DPP), **or if unavailable**, the purchaser's name, address, DPP number, and its date of expiration. If a copy of the Direct Payment Permit is unavailable and if the information provided has not been previously verified, it must be verified by either calling the Taxpayer Assistance Division or by reference to the sales tax permit list obtained pursuant to OAC 710:65-9-6;
(2) A statement that the permit-holder claims deferral of the payment of any applicable state and local sales or use taxes upon its purchases of taxable tangible personal property or services;
(3) A statement that the articles purchased are for use in the purchaser's Oklahoma enterprises, and not for resale; and,
(4) The signature of the purchaser or a person authorized to legally bind the purchaser, and date signed.

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Rule 710:65-7-17.

Sales to disabled veterans receiving compensation at the 100% rate. In the case of a purchaser claiming exemption from sales tax pursuant to the exemption allowed by 68 O.S. §1357(34), the vendor must obtain either a copy of the exemption card issued the purchaser by the Tax Commission or the purchaser's name, address, and exemption number.

In addition the statutes cite the following:

Title 68, Section 1361.1. Consumer exempt from tax - Liability of vendor.

(1) If a vendor, in good faith, timely accepts from a consumer properly completed documentation certified by the Oklahoma Tax Commission that such consumer is exempt from the taxes levied by the Oklahoma Sales Tax Code, the vendor shall be relieved of any liability for any sales tax or the duty to collect any sales tax imposed by the provisions of Section 1361 of this title upon such vendor with respect to such sale.

(2) A vendor who has actual knowledge that a consumer is entitled to an exemption under paragraph 34 of Section 1357 of this title and who willfully or intentionally refuses to honor the exemption shall be punished by an administrative fine of Five Hundred Dollars ($500.00) per offense.

Title 68, Section 1361.2. Disabled veterans' exemption - Proof of eligibility required.

In order to claim the exemption authorized by paragraph 34 of Section 1357 of Title 68 of the Oklahoma Statutes, the person to whom the sale is made shall be required to furnish the vendor proof of eligibility for the exemption as issued by the Oklahoma Tax Commission. All vendors shall honor the proof of eligibility for sales tax exemption and sales for the benefit of the disabled veteran to a person providing such proof shall be exempt from the tax levied pursuant to the Oklahoma Sales Tax Code.

Rule 710:65-7-11.

Sales for agricultural purposes. In the case of a claimed agricultural exemption, the vendor must obtain the items of information set out in this paragraph:

(1) A **copy** of the agricultural exemption permit card;

(2) In the circumstances defined in (A) and (B) of this subparagraph, certification on the face of the invoice or sales ticket is required:

(A) From any person purchasing feed for horses, mules, or draft animals used directly in the production and marketing of agricultural products; **or**

(B) From any person who is making purchases of materials, supplies, or equipment to be used in the construction of livestock facilities, including facilities for the production and storage of feed, pursuant to a contract with an agricultural permit holder. [See: 68 O.S.§1358(8) and 710:65-13-17]

Rule 710:65-7-12.

Sales to persons raising animals for resale. In the case persons regularly engaged in the business of raising animals for resale, the vendor must obtain the items of information set out in this paragraph:

(1) A **copy** of the purchaser's sales tax permit, **or if unavailable**, the purchaser's name, address, sales tax permit number, and its expiration date. If a copy of the Sales Tax Permit is unavailable and if the information provided has not been previously verified, it must be verified by either calling the Taxpayer Assistance Division or by reference to the sales tax permit list obtained pursuant to OAC 710:65-9-6;

(2) A statement that the articles purchased are purchased for use in raising animals;

(3) The signature of the purchaser or a person authorized to legally bind the purchaser; and,

(4) Certification on the face of the invoice, bill or sales slip that says the purchaser is "regularly engaged in the business of raising animal life for resale and that the items being purchased exempt from sales tax are solely for business use."

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Rule 710:65-7-15.

Sales to entities with specific statutory exemptions. In the case of sales to purchasers claiming exemption based upon specific statutory authority, the vendor must obtain the information described in this subsection:

(1) A **copy** of the letter or card from the Oklahoma Tax Commission recognizing the entity as one which is statutorily exempt from sales tax on its purchases; and

(2) A signed statement that the purchase is **authorized by, and being made by**, the exempt entity, with funds of the exempt entity, and not by the individual; and,

(3) In the case of sales to **fire departments organized for unincorporated areas**, as defined in 18 O.S. § 592, certification on the face of the invoice or sales ticket is also required.

(4) In the case of purchases made by the federal government, charged pursuant to the GSA SmartCard program, no letter or card from the Commission is required, and 710:65-13-130 should be consulted to determine the taxability of the transaction.

(5) Below is a **non-inclusive** list of entities which may receive an exemption card or letter certifying or confirming a specific statutory exemption:

- Adjudicated Juveniles – Children's Home for [1356(21)]
- Agriculture Exemption [1358; 1358.1]
- Qualified Aircraft Maintenance Facility [1357(20) Amended by SB 1465 (2012) - effective July 1, 2012]
- Boys and Girls Clubs [1356(20)]
- Boy Scouts [1356(9)]
- Cable Television – Licensed Cable Television Operators [1359(9)]
- Campfire Girls [1356(9)]
- Career Technology Student Organization [1356(50)]
- Children's Homes Supported by Churches [1356(27)]
- Churches [1356(7)]
- City/County Trusts and Authorities [1356(1) or 60 O.S.Sec.176]
- Collection and Distribution Organization [1357(14.a.1)]
- Community-based Health Centers [1356(22d)]
- Community-based Autonomous Member [1356(57)]
- Community Health Charities [1356(61)]
- County Governments [1356(1)]
- Disabled American Veterans Department of Oklahoma [1356(28)]
- 100% Disabled Veteran [1357(34)]
- Un-remarried Surviving Spouse of 100% Disabled Veteran - Service Related Injuries [1357(34) Amended by SB 46 (2012) - effective August 24, 2012]
- Authorized Household Member of 100% Disabled Veteran [1357(34) Amended by HB 3509 - effective May 28, 2014]
- Disadvantaged Children – Cultural Organization for [1356(24)]
- Federal Credit Union – Federal Law [Title 12 U.S.C, Sec.1768]
- Federal Governments [1356(1)]
- Federally Qualified Health Care Facility [1356(22a)]
- Federally Recognized Indian Tribes
- Girl Scouts [1356(9)]
- Grand River Dam Authority [1356(10)]
- Independent Nonprofit Biomedical Research Foundation [1357(25)]
- Independent Nonprofit Community Blood Bank – Headquartered in this state [1357(25)]
- Indigent Health – Clinics receiving funds from the Indigent Health Care Revolving Fund [1356(22c)]
- Meals on Wheels – Organization which provides prepared meals for home consumption to the elderly or homebound [1357(13a) Text as amended by Laws 2006, 2nd Ex. Sess., C. 44, Sec.5, eff. July 1, 2007.]
- Metropolitan Area Homeless Service Provider [1356(54)]
- Migrant Health Center [1356(22b)]
- Motion Picture/Television Production Companies [1357(23)]

NOTE:
Bracketed numbers represent reference to Oklahoma Statutes. All are Title 68 unless otherwise noted.

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- Municipal Governments [1356(1)]
- Museums – Accredited by the American Association of Museums [1356(25)]
- National Volunteer Women's Service Organization [1356(62)]
- Nonprofit Corporation Rural Water District [18 O.S. Sec.863]
- Oklahoma Coal Mining Companies [1359(13)]
- Older American – Organizations providing nutrition programs for the care and benefit of elderly persons [1357(13b) Text as amended by Laws 2006, 2nd Ex. Sess., C. 44, Sec.5, eff. July 1, 2007.]
- Private Schools Elementary/Secondary [1356(11)]
- Private Schools Higher Education [1356(11)]
- PTA/PTO Organizations [1356(13a.6)]
- Public Nonprofit Rural Water District [82 O.S. Sec.1324.3; 68 O.S. 1356(10)]
- Public Schools [1356(13a.1)]
- Qualified Neighborhood Watch Organization [1356(53)]
- Radio/Television – Licensed Radio/Television Station for Broadcasting [1359(8)]
- Rural Electric Coops [18 O.S. Sec.437.25]
- State Governments [1356(1)]
- Veterans of Foreign Wars of the United States, Oklahoma Chapters [1356(64)]
- Volunteer Fire Department [1356.1 - 1356(17)]
- YMCA/YWCA [1356(63)]
- Youth Camps – Supported or Sponsored by Churches [1356(29)], and

Rule 710:65-7-13.
Vendors' responsibility - sales to contractors.

(a) **General rule.** Contractors are defined by statute as consumer/users and must pay sales tax on all taxable services and tangible personal property, including materials, supplies, and equipment purchased to develop, repair, alter, remodel, and improve real property.

(b) **Limited exceptions.** A contractor may make purchases based upon the exempt status of another entity only in the statutorily-limited circumstances described in this paragraph.

(1) A contractor who has a public contract, or a subcontractor to that public contract, with an Oklahoma municipality, county, public school district, an institution of the Oklahoma System of Higher Education, a rural water district, the Grand River Dam Authority, the Northeast Oklahoma Public Facilities Authority, the Oklahoma Municipal Power Authority, the City of Tulsa-Rogers County Port Authority, the Broken Bow Economic Development Authority, the Muskogee City-County Port Authority, the Oklahoma Ordnance Works Authority, the Durant Industrial Authority, the Ardmore Development Authority, the Oklahoma Department of Veterans Affairs, the Central Oklahoma Master Conservancy District, or Department of Central Services only when carrying out a public construction contract on behalf of the Oklahoma Department of Veterans Affairs may make purchases of tangible personal property or services, which are necessary for carrying out the public contract, exempt from sales tax.

(2) A contractor who has entered into a contract with a private institution of higher education or with a private elementary or secondary institution, may make purchases of tangible personal property or services, including materials, supplies and equipment used in the construction of buildings owned and used by the institution for educational purposes exempt from sales tax. However, the institution must be registered or accredited with the Oklahoma State Regents for Higher Education, the State Board of Education, or the State Department of Education.

(3) A contractor who has contracted with an agricultural permit holder to construct a facility which will be used directly in the production of any livestock, including facilities used in the production and storage of feed for livestock owned by the agricultural permit holder, may make purchases of materials, supplies and equipment necessary to fulfill the contract, exempt from sales tax. [See: 710:65-7-11]

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(4) A contractor may make purchases exempt from sales tax for use on campus construction projects for the benefit of institutions of the Oklahoma State System of Higher Education or private institutions of higher education accredited by the Oklahoma State Regents for Higher Education. The projects must be financed by or through the use of nonprofit entities which are exempt from taxation pursuant to Section 501(c)(3) of the Internal Revenue Code. Contractors claiming exemption for purchases to be used in a qualified campus construction project should obtain a letter certifying the exemption status from the Tax Commission by following the procedures set out in 710:65-13-210, and provide a copy of the letter to vendors, pursuant to subsection (g) of that rule. [See: 68 O.S. §1356(41)]

(5) A contractor may make purchases of machinery, equipment, fuels, and chemicals or other materials, exempt from sales tax, which will be incorporated into and directly used or consumed in the process of treatment of hazardous waste, pursuant to OAC 710:65-13-80. Contractors claiming exemption for purchases to be used to remediate hazardous wastes should obtain a letter certifying the exemption status from the Tax Commission by following the procedures set out in 710:65-13-80, and provide a copy of the letter to vendors, pursuant to subsection (f) of that rule.

(6) A contractor, or a subcontractor to such contractor, with whom a church has duly entered into a construction contract may make purchases of tangible personal property or services exempt from sales tax which are necessary for carrying out such construction contract.

(7) A contractor, or a subcontractor to such contractor, may make purchases of tangible personal property which is to be *consumed or incorporated in the construction or expansion of a facility for a corporation organized under Section 437 et seq. of Title 18 of the Oklahoma Statutes as a rural electric cooperative* exempt from sales tax.

(8) A contractor, or a subcontractor to such contractor, may make purchases of tangible personal property or services pursuant to a contractual relationship with a child care center, qualified for exemption pursuant 68 O.S. § 1356(69), for construction and improvement of buildings and other structures owned by the child care center and operated for educational purposes exempt from sales tax.

(c) **Documentation required for limited exceptions.** In the case of a sale to a contractor claiming exemption pursuant to subsections (b)(1), (b)(2), (b)(3), (b)(6) or (b)(8) of this Section, the vendor must obtain:

(1) A copy of the exemption letter or card issued to one of the entities described in (b) of this subsection;

(2) Documentation indicating the contractual relationship between the contractor and the entity; and,

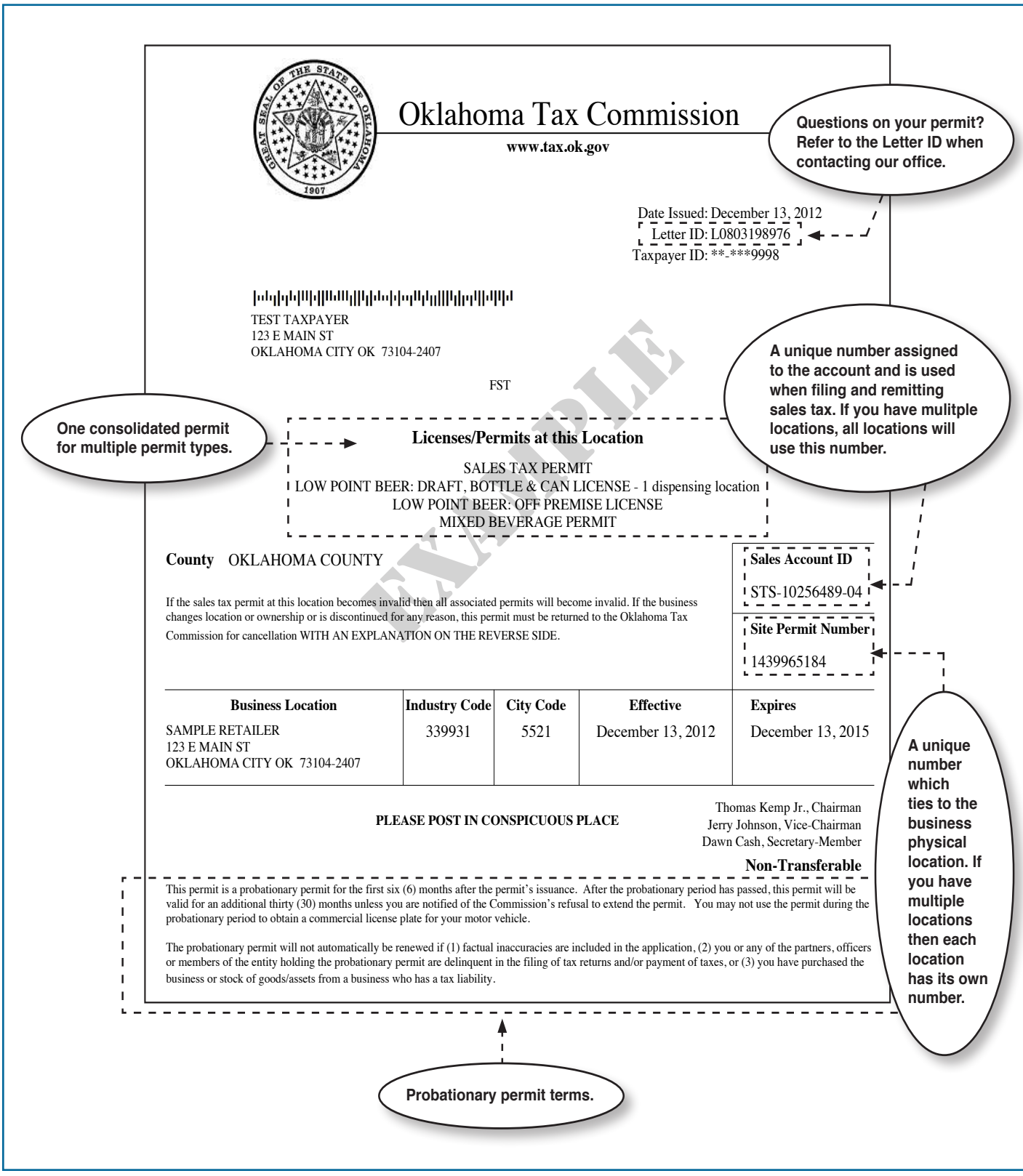
(3) Certification by the purchaser, on the face of each invoice or sales receipt, setting out the name of the exempt entity, that the purchases are being made on behalf of the entity, and that they are necessary for the completion of the contract.

Rule 710:65-7-15.

Sales of trailers. In the case of a purchaser claiming exemption from sales tax on the purchase of a trailer pursuant to the exemption allowed by 68 O.S. § 1355(2), the vendor should obtain a statement, signed by the purchaser, or a person who may legally bind the purchaser, that Oklahoma Motor Vehicle Excise Tax will be paid on the purchase of the trailer in accordance with the provisions of Article 21 of Title 68 of the Oklahoma Statutes, and that if the excise tax is not so paid, the purchaser will be responsible for the sales tax due.

Examples of Sales Tax Permit and Exemption Permits

Sales Tax Permit



Example of a sales tax permit. Rule #710:65-7-6, which is contained in this booklet, requires documentation, in addition to the information on the permit, be obtained in order for a vendor to be relieved of liability from sales tax on sales which are later found to be subject to sales tax.

SALES TAX EXEMPTION PERMIT

Oklahoma Tax Commission

www.tax.ok.gov

Date Issued: February 1, 2013
Letter ID: L1648506880
Taxpayer ID: **-***1654

CHURCH EXAMPLE
123 SOME STREET
SOMEPLACE OK 00000

Oklahoma Sales Tax Exemption Permit *
Church

EXAMPLE

County OKLAHOMA

Non-Transferable

68 Oklahoma Statutes Section 1356(7)(2001): Sales of tangible personal property to or by churches, except sales made for profit or savings, competing with other persons engaged in a same/similar business.

Permit Number
EXM-10063944-02

If the business changes location or ownership of is discontinued for any reason, this permit must be returned to the **Oklahoma Tax Commission** for cancellation WITH AN EXPLANATION ON THE REVERSE SIDE.

Business Location	Industry Code	City Code	Permit Effective	Permit Expires
CHURCH EXAMPLE 123 SOME STREET SOMEPLACE OK 00000-0000	813110	5506	February 01, 2013	NON-EXPIRING

PLEASE POST IN CONSPICUOUS PLACE

Thomas Kemp Jr., Chairman
Jerry Johnson, Vice-Chairman
Dawn Cash, Secretary-Member

* See page 14 for examples of possible permit types to be printed on the Sales Tax Exemption Permit.

Examples of Sales Tax Permit and Exemption Permits

* Below are a few examples of possible permit types to be printed on the Sales Tax Exemption Permit.

NOTE: Bracketed numbers represent reference to Oklahoma Statutes. All are Title 68 unless otherwise noted.

- Sales Tax Permit
- Sales Tax Direct Pay Permit
- Adjudicated Juveniles – Children's Home for [1356(21)]
- Agriculture Exemption [1358; 1358.1]
- Qualified Aircraft Maintenance Facility [1357(20) Amended by SB 1465 (2012) - effective July 1, 2012]
- Boys and Girls Clubs [1356(20)]
- Boy Scouts [1356(9)]
- Cable Television – Licensed Cable Television Operators [1359(9)]
- Campfire Girls [1356(9)]
- Career Technology Student Organization [1356(50)]
- Children's Homes Supported by Churches [1356(27)]
- Churches [1356(7)]
- City/County Trusts and Authorities [1356(1) or 60 O.S.§ 176]
- Collection and Distribution Organization [1357(14.a.1)]
- Community-based Health Centers [1356(22d)]
- Community-based Autonomous Member [1356(57)]
- Community Health Charities [1356(61)]
- County Governments [1356(1)]
- Disabled American Veterans Department of Oklahoma [1356(28)]
- 100% Disabled Veteran [1357(34)]
- Un-remarried Surviving Spouse of 100% Disabled Veteran - Service Related Injuries [1357(34) Amended by SB 46 (2012) - effective August 24, 2012]
- Authorized Household Member of 100% Disabled Veteran [1357(34) Amended by HB 3509 - effective May 28, 2014]
- Disadvantaged Children – Cultural Organization for [1356(24)]
- Federal Credit Union – Federal Law [Title 12 U.S.C, § 1768]
- Federal Governments [1356(1)]
- Federally Qualified Health Care Facility [1356(22a)]
- Federally Recognized Indian Tribes
- Girl Scouts [1356(9)]
- Grand River Dam Authority [1356(10)]
- Independent Nonprofit Biomedical Research Foundation [1357(25)]
- Independent Nonprofit Community Blood Bank – Headquartered in this state [1357(25)]
- Indigent Health – Clinics receiving funds from the Indigent Health Care Revolving Fund [1356(22c)]
- Meals on Wheels – Organization which provides prepared meals for home consumption to the elderly or homebound [1357(13a) Text as amended by Laws 2006, 2nd Ex. Sess., C. 44, Sect. 5, eff. July 1, 2007.]
- Metropolitan Area Homeless Service Provider [1356(54)]
- Migrant Health Center [1356(22b)]
- Motion Picture/Television Production Companies [1357(23)]
- Municipal Governments [1356(1)]
- Museums – Accredited by the American Association of Museums [1356(25)]
- National Volunteer Women's Service Organization [1356(62)]
- Nonprofit Corporation Rural Water District [18 O.S. Sec.863]
- Oklahoma Coal Mining Companies [1359(13)]
- Older American – Organizations providing nutrition programs for the care and benefit of elderly persons [1357(13b) Text as amended by Laws 2006, 2nd Ex. Sess., C. 44, Sect. 5, eff. July 1, 2007.]
- Private Schools Elementary/Secondary [1356(11)]
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- PTA/PTO Organizations [1356(13a.6)]
- Public Nonprofit Rural Water District [82 O.S. Sec.1324.3; 68 O.S. 1356(10)]
- Public Schools [1356(13a.1)]
- Qualified Neighborhood Watch Organization [1356(53)]
- Radio/Television – Licensed Radio/Television Station for Broadcasting [1359(8)]
- Rural Electric Coops [18 O.S. § 437.25]
- State Governments [1356(1)]
- Veterans of Foreign Wars of the United States, Oklahoma Chapters [1356(64)]
- Volunteer Fire Department [1356.1 - 1356(17)]
- YMCA/YWCA [1356(63)]
- Youth Camps – Supported or Sponsored by Churches [1356(29)]

Examples of Sales Tax Permit and Exemption Permits

Volunteer Fire Department Sales Tax Exemption Permit

Oklahoma Tax Commission

www.tax.ok.gov

Date Issued: February 1, 2013
Letter ID: L1057503232
Taxpayer ID: **-***3789

VOLUNTEER FIRE DEPARTMENT SAMPLE
123 SOME STREET
SOMEPLACE OK 00000

EXAMPLE

Oklahoma Sales Tax Exemption Permit
Volunteer Fire Department

County OKLAHOMA

Non-Transferable

Pursuant to 68 Oklahoma Statutes Section 1356 (17)(2001): Which we quote: "Sales of tangible property or services to fire departments organized pursuant to Section 592 of Title 18 of the Oklahoma Statutes which items are to be used for the purposes of the fire department."

If the business changes location or ownership of is discontinued for any reason, this permit must be returned to the **Oklahoma Tax Commission** for cancellation WITH AN EXPLANATION ON THE REVERSE SIDE.

Permit Number
EXM-10088839-02

Business Location	Industry Code	City Code	Permit Effective	Permit Expires
VOLUNTEER FIRE DEPARTMENT SAMPLE 123 SOME STREET SOMEPLACE OK 00000-0000	922160	5506	February 01, 2013	February 01, 2016

PLEASE POST IN CONSPICUOUS PLACE

Thomas Kemp Jr., Chairman
Jerry Johnson, Vice-Chairman
Dawn Cash, Secretary-Member

Example of a volunteer fire department exemption permit.
The permit is only issued to the Volunteer Fire Department effective November 1, 2004. (Amended by Laws 2004, SB 1121, c. 535 Section 7)`

MANUFACTURERS SALES TAX/EXEMPTION PERMIT

Oklahoma Tax Commission

www.tax.ok.gov

Date Issued: February 1, 2013
Letter ID: L0837449728
Taxpayer ID: ***-**-8423

MANUFACTURER SAMPLE
101 SOME STREET
SOMEPLACE OK 73020

TBS

EXAMPLE

Licenses/Permits at this Location

SALES TAX PERMIT effective on February 1, 2013
MANUFACTURER SALES PERMIT effective on February 1, 2013

County OKLAHOMA

Non-Transferable

This permit may be presented to utility providers to claim an exemption from sales/use tax on a utility account(s) that qualifies as being predominately used in the manufacturing operation.

If the sales tax permit at this location becomes invalid then all associated permits will become invalid. If the business changes location or ownership or is discontinued for any reason, this permit must be returned to the Oklahoma Tax Commission for cancellation WITH AN EXPLANATION ON THE REVERSE SIDE.

Site Number
560988160

Business Location	Industry Code	City Code	Site Effective	Expires
TEST 101 SOME ST SOMEPLACE OK 73020	325611	5506	February 1, 2013	February 1, 2016

PLEASE POST IN CONSPICUOUS PLACE

Thomas Kemp Jr., Chairman
Jerry Johnson, Vice-Chairman
Dawn Cash, Secretary-Member

This permit is a probationary permit for the first six (6) months after the permit's issuance. After the probationary period has passed, this permit will be valid for an additional thirty (30) months unless you are notified of the Commission's refusal to extend the permit. You may not use the permit during the probationary period to obtain a commercial license plate for your motor vehicle.

The probationary permit will not automatically be renewed if (1) factual inaccuracies are included in the application, (2) you or any of the partners, officers or members of the entity holding the probationary permit are delinquent in the filing of tax returns and/or payment of taxes, or (3) you have purchased the business or stock of goods/assets from a business who has a tax liability.

Example of a manufacturers sales tax/exemption permit. Rule #710:65-7-6, which is contained in this booklet, requires documentation, in addition to the information contained on this certificate, be obtained in order for a vendor to be relieved of liability from sales tax on sales which are later found to be subject to sales tax.

Examples of Sales Tax Permit and Exemption Permits

Un-remarried Surviving Spouse of 100% Disabled Veteran Permit

Oklahoma Tax Commission

www.tax.ok.gov

Date Issued: February 1, 2013
Letter ID: L1758705664
Taxpayer ID: ***-**-6654

SAMPLE PERMIT
123 SOMEWHERE STREET
SOMEPLACE OK 00000

EXAMPLE

Oklahoma Sales Tax Exemption Permit
DAV Surviving Spouse

County OKLAHOMA

Non-Transferable

68 Oklahoma Statutes Section 1357(34), amended by SB 46(2012). Sales qualifying for the exemption shall not exceed One Thousand Dollars ($1,000.00) per year per individual.

Permit Number
EXM-10078790-02

If the business changes location or ownership of is discontinued for any reason, this permit must be returned to the **Oklahoma Tax Commission** for cancellation WITH AN EXPLANATION ON THE REVERSE SIDE.

Business Location	Industry Code	City Code	Permit Effective	Permit Expires
SAMPLE PERMIT 123 SOMEWHERE STREET SOMEPLACE OK 00000-0000	923140		February 01, 2013	NON-EXPIRING

PLEASE POST IN CONSPICUOUS PLACE

Thomas Kemp Jr., Chairman
Jerry Johnson, Vice-Chairman
Dawn Cash, Secretary-Member

DAV Surviving Spouse Card

OKLAHOMA TAX COMMISSION
100% Disabled Veteran Sales Tax Exemption

Exemption Number	Effective Date
EXM-XXXXXXXX-XX	01-JUL-05

JANE VETERAN
2501 N. LINCOLN BLVD.
OKLAHOMA CITY, OK 73194-0000

SPOUSE

EXAMPLE

DAV Household Member Card

OKLAHOMA TAX COMMISSION
100% Disabled Veteran Sales Tax Exemption

Exemption Number	Effective Date
EXM-XXXXXXXX-XX	September 16, 2014

For Use by DAV Household Member

JOHN DOE
2501 N. LINCOLN BLVD.
OKLAHOMA CITY, OK 73194-0000

EXAMPLE

100% Disabled Veteran Sales Tax Exemption

100% Disabled Veteran Sales Tax Exemption permits are non-expiring; therefore, any of the below card formats are valid.

Original Card

OTX0024-08-01-BT
Form Number 13-54

Oklahoma Tax Commission

SALES TAX EXEMPTION: 100% Disabled Veteran

Non-Transferable

If the business changes location or ownership or is discontinued for any reason, this permit must be returned to the **Oklahoma Tax Commission** for cancellation **with an explanation on the reverse side.**

PERMIT NUMBER
800000

BUSINESS LOCATION	NAICS CODE	CITY CODE	PERMIT EFFECTIVE	PERMIT EXPIRES
VETERAN 1234 ANYWHERE ST CITY, STATE ZIP			00/00/0000	NON-EXPIRING

VETERAN
1234 ANYWHERE ST
CITY, STATE ZIP

EXAMPLE

Chairman
Vice-Chairman
Secretary-Member

PLEASE POST IN A CONSPICUOUS PLACE

Card with 6 Exemption Numbers

Oklahoma Tax Commission

100% Disabled Veteran Sales Tax Exemption

Exemption Number	Effective Date
XXXXXX	01-JUL-05

JOE VETERAN
2501 N. LINCOLN BLVD.
OKLAHOMA CITY, OK 73194-0000

EXAMPLE

Card with 10 Exemption Numbers

Oklahoma Tax Commission

100% Disabled Veteran Sales Tax Exemption

Exemption Number	Effective Date
EXM-XXXXXXXX-XX	01-JUL-05

JOE VETERAN
2501 N. LINCOLN BLVD.
OKLAHOMA CITY, OK 73194-0000

EXAMPLE

The Uniform Sales & Use Tax Certificate - Multijurisdiction form contained in this publication is owned by the Multistate Tax Commission. Information regarding the Multistate Tax Commission and this form may be obtained from their website at www.mtc.gov. This form may also be downloaded form the Oklahoma Tax Commission website at www.tax.ok.gov under business taxes.

UNIFORM SALES & USE TAX CERTIFICATE—MULTIJURISDICTION

The below-listed states have indicated that this form of certificate is acceptable, subject to the notes on pages 2-4. The issuer and the recipient have the responsibility of determining the proper use of this certificate under applicable laws in each state, as these may change from time to time.

Issued to Seller: _____

Address: _____

I certify that:
Name of Firm (Buyer): _____
Address: _____
_____
_____
_____
_____

is engaged as a registered
☐ Wholesaler
☐ Retailer
☐ Manufacturer
☐ Seller (California)
☐ Lessor (see notes on pages 2-4)
☐ Other (Specify)_____

and is registered with the below listed states and cities within which your firm would deliver purchases to us and that any such purchases are for wholesale, resale, ingredients or components of a new product or service[1] to be resold, leased, or rented in the normal course of business. We are in the business of wholesaling, retailing, manufacturing, leasing (renting) the following:

Description of Business: _____

General description of tangible property or taxable services to be purchased from the seller: _____

_____

State	State Registration, Seller's Permit, or ID Number of Purchaser	State	State Registration, Seller's Permit, or ID Number of Purchaser
AL[1]		MO[16]	
AR		NE[17]	
AZ[2]		NV	
CA[3]		NJ	
CO[4]		NM[4,18]	
CT[5]		NC[19]	
DC[6]		ND	
FL[7]		OH[20]	
GA[8]		OK[21]	
HI[4,9]		PA[22]	
ID		RI[23]	
IL[4,10]		SC	
IA		SD[24]	
KS		TN	
KY[11]		TX[25]	
ME[12]		UT	
MD[13]		VT	
MI[14]		WA[26]	
MN[15]		WI[27]	

I further certify that if any property or service so purchased tax free is used or consumed by the firm as to make it subject to a Sales or use Tax we will pay the tax due directly to the proper taxing authority when state law so provides or inform the seller for added tax billing. This certificate shall be a part of each order which we may hereafter give to you, unless otherwise specified, and shall be valid until canceled by us in writing or revoked by the city or state.

Under penalties of perjury, I swear or affirm that the information on this form is true and correct as to every material matter.

Authorized Signature: _____
(Owner, Partner or Corporate Officer)

Title: _____

Date: _____

Revised 10/2014
Page 1 of 9

continued on page 19...

INSTRUCTIONS REGARDING UNIFORM SALES & USE TAX CERTIFCATE

To Seller's Customers:

In order to comply with the majority of state and local sales tax law requirements, the seller must have in its files a properly executed exemption certificate from all of its customers who claim a sales tax exemption. If the seller does not have this certificate, it is obliged to collect the tax for the state in which the property or service is delivered.

If the buyer is entitled to sales tax exemption, the buyer should complete the certificate and send it to the seller at its earliest convenience. If the buyer purchases tax free for a reason for which this form does not provide, the buyer should send the seller its special certificate or statement.

Caution to Seller:

In order for the certificate to be accepted in good faith by the seller, seller must exercise care that the property or service being sold is of a type normally sold wholesale, resold, leased, rented or incorporated as a ingredient or component part of a product manufactured by buyer and then resold in the usual course of its business. A seller failing to exercise due care could be held liable for the sales tax due in some states or cities. Misuse of this certificate by seller, lessee, or the representative thereof may be punishable by fine, imprisonment or loss of right to issue certificate in some states or cities.

Notes:

1. Alabama: Each retailer shall be responsible for determining the validity of a purchaser's claim for exemption.

2. Arizona: This certificate may be used only when making purchases of tangible personal property for resale in the ordinary course of business, and not for any other statutory deduction or exemption. It is valid as a resale certificate only if it contains the purchaser's name, address, signature, and Arizona transaction privilege tax (or other state sales tax) license number, as required by Arizona Revised Statutes § 42-5022, *Burden of proving sales not at retail*.

3. California:
   A. This certificate is not valid as an exemption certificate. Its use is limited to use as a resale certificate subject to the provisions of Title 18, California Code of Regulations, Section 1668 (Sales and Use Tax Regulation 1668, Resale Certificate).
   B. By use of this certificate, the purchaser certifies that the property is purchased for resale in the regular course of business in the form of tangible personal property, which includes property incorporated as an ingredient or component part of an item manufactured for resale in the regular course of business.
   C. When the applicable tax would be sales tax, it is the seller who owes that tax unless the seller takes a timely and valid resale certificate in good faith.
   D. A valid resale certificate is effective until the issuer revokes the certificate.

4. The state of Colorado, Hawaii, Illinois, and New Mexico do not permit the use of this certificate to claim a resale exemption for the purchase of a taxable service for resale.

5 Connecticut: This certificate is not valid as an exemption certificate. Its use is limited to use as a resale certificate subject to Conn. Gen. State §§12-410(5) and 12-411(14) and an regulations and administrative pronouncements pertaining to resale certificates.

6. District of Columbia: This certificate is not valid as an exemption certificate. It is not valid as a resale certificate unless it contains the purchaser's D.C. sales and use tax registration number.

7. Florida: The Department of Revenue no longer accepts out-of-state sales tax exemption certificates.

8. Georgia: the purchaser's state of registration number will be accepted in lieu of Georgia's registration number when the purchaser is located outside Georgia, does not have nexus with Georgia, and the tangible personal property is delivered by drop shipment to the purchaser's customer located in Georgia.

9. Hawaii allows this certificate to be used by the seller to claim a lower general excise tax rate or no general excise tax, rather than the buyer claiming an exemption. The no tax situation occurs when the purchaser of imported goods certifies to the seller, who originally imported the goods into Hawaii, that the purchaser will resell the imported goods at wholesale. If the lower rate

continued on page 20...

or no tax does not in fact apply to the sale, the purchaser is liable to pay the seller the additional tax imposed. See Hawaii Dept. of Taxation Tax Information Release No. 93-5, November 10, 1993, and Tax Information Release No. 98-8, October 30, 1998.

10. Use of this certificate in Illinois is subject to the provisions of 86 Ill. Adm. Code Ch.I, Sec. 130.1405. Illinois does not have an exemption on sales of property for subsequent ease or rental, nor does the use of this certificate for claiming resale purchases of services have any application in Illinois.

    The registration number to be supplied next to Illinois on page 1 of this certificate must be the Illinois registration or resale number; no other state's registration number is acceptable.

    "Good faith" is not the standard of care to be exercised by a retailer in Illinois. A retailer in Illinois is not required to determine if the purchaser actually intends to resell the item. Instead, a retailer must confirm that the purchaser has a valid registration or resale number at the time of purchase. If a purchaser fails to provide a certificate of resale at the time of sale in Illinois, the seller must charge the purchaser tax.

    While there is no statutory requirement that blanket certificates of resale be renewed at certain intervals, blanket certificates should be updated periodically, and no less frequently than every three years.

11. Kentucky:
    1. Kentucky does not permit the use of this certificate to claim a resale exclusion for the purchase of a taxable service.
    2. This certificate is not valid as an exemption certificate. Its use is limited to use as a resale certificate subject to the provisions of Kentucky Revised Statute 139.270 (Good Faith).
    3. The use of this certificate by the purchaser constitutes the issuance of a blanket certificate in accordance with Kentucky Administrative Regulation 103 KAR 31:111.

12. Maine does not have an exemption on sales of property for subsequent lease or rental.

13. Maryland: This certificate is not valid as an exemption certificate. However, vendors may accept resale certificates that bear the exemption number issued to a religious organization. Exemption certifications issued to religious organizations consist of 8 digits, the first two of which are always "29". Maryland registration, exemption and direct pay numbers may be verified on the website of the Comptroller of the Treasury at www.marylandtaxes.com.

14 Michigan: Effective for a period of four years unless a lesser period is mutually agreed to and stated on this certificate. Covers all exempt transfers when accepted by the seller in "good faith" as defined by Michigan statute.

15. Minnesota:
    A. Does not allow a resale certificate for purchases of taxable services for resale in most situations.
    B. Allows an exemption for items used only once during production and not used again.

16. Missouri:
    A. Purchaser who improperly purchase property or services sales tax free using this certificate may be required to pay the tax, interest, additions to tax or penalty.

    B. Even if property is delivered outside Missouri, facts and circumstances may subject it to Missouri tax, contrary to the second sentence of the first paragraph of the above instructions.

17. Nebraska: A blanket certificate is valid 3 years from the date of issuance.

18. New Mexico: For transactions occurring on or after July 1, 1998, New Mexico will accept this certificate in lieu of a New Mexico nontaxable transaction certificate and as evidence of the deductibility of a sale tangible personal property provided:

    a) this certificate was not issued by the State of New Mexico;
    b) the buyer is not required to be registered in New Mexico; and
    c) the buyer is purchasing tangible personal property for resale or incorporations as an ingredient or component part into a manufactured product.

19. North Carolina: This certificate is not valid as an exemption certificate or if signed by a person such as a contractor who intends to use the property. Its use is subject to G.S. 105-164.28 and any administrative rules or directives pertaining to resale certificates.

20. Ohio:
    A. The buyer must specify which one of the reasons for exemption on the certificate applies. This may be done by circling or underlining the appropriate reason or writing it on the form above the state registration section. Failure to specify the exemption reason will, on audit, result in disallowance of the certificate.

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B. In order to be valid, the buyer must sign and deliver the certificate to the seller before or during the period for filing the return.

21. Oklahoma would allow this certificate in lieu of a copy of the purchaser's sales tax permit as one of the elements of "properly completed documents" which is one of the three requirements which must be met prior to the vendor being relieved of liability. The other tow requirements are that the vendor must have the certificate in his possession at the time the sale is made and must accept the documentation in good faith. The specific documentation required under OAC 710-:65-7-6 is:

A) Sales tax permit information may consist of:
(i) A copy of the purchaser's sales tax permit; or
(ii) In lieu of a copy of the permit, obtain the following:
(I) Sales tax permit number; and
(II) The name and address of the purchaser;
B) A statement that the purchaser is engaged in the business of reselling the articles purchased;
C) A statement that the articles purchased are purchased for resale;
D) The signature of the purchaser or a person authorized to legally bind the purchaser; and
E) Certification on the face of the invoice, bill or sales slip or on separate letter that said purchaser is engaged in reselling the articles purchased.

Absent strict compliance with these requirements, Oklahoma holds a seller liable for sales tax due on sales where the claimed exemption is found to be invalid, for whatever reason, unless the Tax Commission determines that purchaser should be pursued for collection of the tax resulting from improper presentation of a certificate.

22. Pennsylvania: This certificate is not valid as an exemption certificate. It is valid as a resale certificate only if it contains the purchaser's Pennsylvania Sales and Use Tax eight-digit license number, subject to the provisions of 61 PA Code §32.3.

23. Rhode Island allows this certificate to be used to claim a resale exemption only when the item will be resold in the same form. They do not permit this certificate to be used to claim any other type of exemption.

24. South Dakota: Services which are purchased by a service provider and delivered to a current customer in conjunction with the services contracted to be provided to the customer are claimed to be for resale. Receipts from the sale of a service for resale by the purchaser are not subject to sales tax if the purchaser furnishes a resale certificate which the seller accepts in good faith. In order for the transaction to be a sale for resale, the following conditions must be present:

(1) The service is purchased for or on behalf of a current customer;
(2) The purchaser of the service does not use the service in any manner; and
(3) The service is delivered or resold to the customer without any alteration or change.

25. Texas: Items purchased for resale must be for resale within the geographical limits of the United States, its territories and possessions.

26. Washington: A. Blanket resale certificates must be renewed at intervals not to exceed four years;
B. This certificate may be used to document exempt sales of "chemicals to be used in processing an article to be produced for sale."
C. Buyer acknowledges that the misuse of the tax due, in addition to the tax, interest, and any other penalties imposed by law.

27. Wisconsin allows this certificate to be used to claim a resale exemption only. It does not permit this certificate to be used to claim any other type of exemption.

Agricultural Exemption Card

Examples of an agricultural exemption permit. A farmer or rancher must present this agricultural exemption permit to you to claim a sales tax exemption.

Old Agricultural Exemption Permit Card

OKLAHOMA TAX COMMISSION
Agricultural Exemption Permit

TYPE	ACCT. NUMBER	YEAR	EXPIRES
SMX	525552	93	063094

ANY FARMER
123 ANY STREET
ANY TOWN OK 73000-11

EXAMPLE

Notice
This agricultural exemption card is intended only for the purchase of items used directly on a farm or ranch in the production of agricultural products. Any person who misuses this card shall be subject to penalty in the amount of $500.00. Title 68, Section 1358.1(G).

Permit Type: SMX: Exempt Sales Tax (No Fuel)

Oklahoma Tax Commission

Chairman Vice-Chairman Secretary-Member

Signature _____

New Agricultural Exemption Permit Card

OKLAHOMA TAX COMMISSION
AGRICULTURE EXEMPTION PERMIT

ACCOUNT NUMBER	YEAR	EXPIRES
EXM-12345678-90	2014	6/30/2017

ANY FARMER
123 ANY STREET
ANY TOWN OK 73000

EXAMPLE

Notice
This agriculture exemption card is intended only for the purchase of items used directly on a farm or ranch in the production of agricultural products. Any person who misuses this card shall be subject to penalty in the amount of $500.00. Title 68, Section 1358.1(G).

Permit Type: SMX Exempt Sales Tax (No Fuel)

Oklahoma Tax Commission

Chairman Vice-Chairman Secretary-Member

Agricultural Transactions

Rule 710:65-13-15.
"Agricultural production" defined; taxable and exempt transactions.

(A) **Definitions.** For the purposes of this Section:
(1) **"Agricultural production"** and **"production of agricultural products"** is limited to what would ordinarily be considered a farming or ranching operation undertaken for profit. The term refers to the raising of food crops or livestock for sale. Included within the meaning of **"agricultural production"** and **"production of agricultural products"** are ranches, orchards, and dairies. Also included is any feedlot operation, whether or not the land upon which a feedlot operation is located is used to grow crops to feed the livestock in the feedlot and regardless of whether or not the livestock fed are owned by persons conducting the feedlot.
(2) **"Farmers"** means persons engaged in agricultural production or production of agricultural products.

continued on page 23...

(3) **"Farming"** or **"ranching"** means the production, harvesting or processing of agricultural products.
(4) **"Livestock"** means cattle, horses, sheep, goats, asses, mules, swine and also chickens, turkeys, and other domesticated fowl. It also includes American bison, emus, ostriches and llamas.

(B) **Examples of persons engaged in farming, ranching or agricultural production.** Besides the persons defined as farmers and ranchers above, the law recognizes persons engaged in the following types of activities, whose aim is the making of a profit, to also be engaged in farming, ranching or agricultural production:

(1) Wholesale divisions of nurseries are considered to be farmers and the planting, growing, cultivation and harvesting of shrubs, flowers, trees and other plants for sale in the wholesale division of a nursery operation are defined to be farming operations.
(2) Persons who plant, cultivate, and harvest sod for commercial sale are also considered to be farmers.

Rule 710:65-13-15.
"Agricultural production" defined; taxable and exempt transactions.

(A) **Definitions.** For the purposes of this Section:

(1) **"Agricultural production"** and **"production of agricultural products"** is limited to what would ordinarily be considered a farming or ranching operation undertaken for profit. The term refers to the raising of food crops or livestock for sale. Included within the meaning of **"agricultural production"** and **"production of agricultural products"** are ranches, orchards, and dairies. Also included is any feedlot operation, whether or not the land upon which a feedlot operation is located is used to grow crops to feed the livestock in the feedlot and regardless of whether or not the livestock fed are owned by persons conducting the feedlot.
(2) **"Farmers"** means persons engaged in agricultural production or production of agricultural products.
(3) **"Farming"** or **"ranching"** means the production, harvesting or processing of agricultural products.
(4) **"Livestock"** means cattle, horses, sheep, goats, asses, mules, swine and also chickens, turkeys, and other domesticated fowl. It also includes American bison, emus, ostriches and llamas.

(B) **Examples of persons engaged in farming, ranching or agricultural production.** Besides the persons defined as farmers and ranchers above, the law recognizes persons engaged in the following types of activities, whose aim is the making of a profit, to also be engaged in farming, ranching or agricultural production:

(1) Wholesale divisions of nurseries are considered to be farmers and the planting, growing, cultivation and harvesting of shrubs, flowers, trees and other plants for sale in the wholesale division of a nursery operation are defined to be farming operations.
(2) Persons who plant, cultivate, and harvest sod for commercial sale are also considered to be farmers.

(C) **Examples of persons who are not engaged in farming, ranching, or agricultural production.** The following activities **do not** qualify as farming, ranching, or agricultural production:

(1) Operation of commercial greenhouses;
(2) Operation of plant nurseries, except their wholesale divisions;
(3) Catfish raising;
(4) Beekeeping;
(5) Ownership of livestock solely for one's own use for pleasure riding, trail riding, performance riding, participation in horse shows, or racing; and,
(6) The raising of cats, dogs, other fur-bearing animals not included in the definition of livestock, or non-domesticated fowl.

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(D) **Sales of feed, fertilizers, biologicals, and pharmaceuticals.** The statute provides an exemption from sales tax for sales of certain items, such as feed, fertilizer, pharmaceuticals, biologicals, seeds, plants, and pesticides, when sold to a person regularly engaged in farming or ranching, for profit, and the items are to be used and in fact are used in agricultural production. Sales of agricultural fertilizer, pharmaceuticals and biologicals sold to a person engaged in the business of applying such materials on a contract or custom basis are specifically exempted from sales and use tax.

(E) **Sales to persons other than farmers or ranchers.** Sales of tangible personal property are subject to the sales or use tax under this rule, if the sales are to persons other than a farmer or rancher, regularly engaged in business for profit, or if the sales are made to a farmer or rancher, but the property is used or consumed for a purpose other than the production of agricultural products for sale.

(F) **Sales for personal use.** Sales to a farmer or rancher of fuel, clothing, and all other tangible personal property for personal living or human consumption or use are taxable. Sales of tangible personal property are taxable when the property is used in producing food or other products for personal consumption and not for sale. Similarly, sales of seed, fertilizer, equipment, etc. to anyone for use on homes, gardens, lawns, parks and golf courses or for use by landscape gardeners are taxable.

(G) **Farm machinery.** Sales of farm machinery used directly on a farm or ranch in the production of agricultural products are exempt. Such machinery is also exempt if sold to a custom harvester, baler, producer or planter performing service on a farm or a ranch.

(1) **"Farm machinery"** includes:
- (a) Expendable supplies, such as baling wire, and binders twine, hand tools, and implements such as fence stretchers, picks, posthole diggers, scoops and shovels;
- (b) Lubricants for farm machinery;
- (c) Repair or replacement parts for machinery used directly on a farm or ranch in production of agricultural products;
- (d) Fencepost, cattleguards, gates and chutes;
- (e) Buildings and structures which are essentially an item of equipment or machinery for agricultural production if the structure is specifically designed for such use and the structure can not be economically used for any other purpose, for example: an automated laying house or farrowing house.

(2) **"Farm machinery"** does **not** include any motor vehicle licensed for highway use.

(H) **Exemption limited to use in agricultural production.** The fact that an item is purchased for use on a farm or ranch, or that a piece of equipment is convenient, does not necessarily make the purchase exempt from sales tax. The items purchased must be directly used on the purchaser's farm or ranch in the production of agricultural products. "To be directly used by the purchaser on a farm or ranch in the production of food or agricultural products" requires that the property in question must have a direct effect on the article being produced.

(I) **Examples of taxable items.** The following is a partial list of taxable items:
- (1) Water supply systems for personal use.
- (2) Repair parts for all motor vehicles (licensed with a farm tag or any other tag).
- (3) Household appliances.
- (4) Garden and lawn equipment.
- (5) Personal apparel.
- (6) Pets and their supplies.

continued on page 25...

(7) All equipment, supplies and tools to maintain personal home and/or vehicle/equipment storage buildings.
(8) Electricity for non-agricultural use.
(9) LPG storage tanks for fuels used for domestic purposes.
(10) Livestock, not including horses, but including cattle, mules or other domestic or draft animals except those sold for resale to a person who holds a valid sales tax permit or those sold by the producer by private treaty or at a special livestock sale.
(11) All computers and software, except that which is to be used directly on a farm or ranch in the production, cultivation, planting, sowing, harvesting, processing, spraying, preservation or irrigation of any livestock, poultry, agricultural or dairy products produced from such lands.

(J) **Examples of items not commonly exempt, except when used in agricultural production.** The following items are taxable, unless used directly in agricultural production:
(1) Liquified petroleum gas (LPG).
(2) Communication radios.
(3) Building materials, including:
(a) Roofing cement.
(b) Lumber.
(c) Electrical wiring.
(d) Nails, staples, and other fasteners.

(K) **Examples of exempt items.** The following items are **exempt** if used directly in agricultural production, or as otherwise stated:
(1) Electric fence insulators.
(2) Electric fence chargers.
(3) Cattle electric water warmer & tank.
(4) Cattle water tank.
(5) Cattle squeeze chute.
(6) Welding machines and associated equipment, including the lease or rental of both the equipment and the cylinders used to store the gases used in welding. Welding rod, oxygen, acetylene are exempt, providing welding machine with which they are used is qualified for the exemption.
(7) Sprays for control of flies & lice, insect repellent.
(8) Pinkeye patches, livestock wormers.
(9) Disinfectants (alcohol, iodine).
(10) Breeding supplies (includes semen, biostate sales & liquid nitrogen for storage).
(11) Drugs for disease or bacteria control such as penicillin, milk fever medicines, mastitis treatment.
(12) Supplies for administering drugs (syringes, needles).
(13) Vaccines for preventive disease.
(14) Bottles, nipples & mixing containers for feeding calves.
(15) Farm tractors.
(16) Combines.
(17) Hay balers, mowers, rakes & loaders.
(18) Cultivators.
(19) Harrows, disks, planters, drills.
(20) Windmills (except for domestic use).
(21) Spray machines.
(22) Mechanical brush cutters, ensilage cutters.
(23) Grain grinders.
(24) Electric milking machines & separators.
(25) Standby generators (except those for domestic use).
(26) Silo unloaders, silage distributor.

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(27) Augers-power take off.
(28) Bale loaders.
(29) Crust busters.
(30) Diamond packers
(31) Rotary hoes.
(32) Bulk milk tanks & pipeline milkers.
(33) Power take off post hole diggers.
(34) Motor chain saw (to clear land).
(35) Repair parts for farm equipment (includes tires, batteries, oil filters, belts, air filters & other parts).
(36) Diesel & special fuels (for agricultural use).
(37) Antifreeze (for agricultural use).
(38) Oil & grease (for agricultural use).
(39) Stock tanks.
(40) Grain storage bins.
(41) Stock trailers.
(42) Wire fencing.
(43) Fence posts.
(44) Air conditioner.
(45) Feed racks.
(46) Bulk feed bins & associated equipment.
(47) Silo loading chutes.
(48) Farm wagons, farm plows, truck unloaders.
(49) Fertilizer spreading equipment.
(50) All farm animals for production.
(51) Containers used to package farm products for sale.
(52) Cattle chutes.
(53) Hay wire or twine, hay hooks.
(54) Ear tags, neck tags for cattle.
(55) Seeds, plants.
(56) Fertilizers.
(57) Insecticides.
(58) Packaging materials, such as sacks, wrappers, and crates, for use in packing, shipping or delivering of agricultural products. This exemption shall not apply to any packaging material which can be used more than once or which is ordinarily known as a returnable container, except those specifically noted under 68 O.S. § 1359(3), 68 O.S. § 1359(4), and 68 O.S. § 1359(14).
(59) "Returnable cartons, crates, pallets, and containers used to transport mushroom products from a farm for resale to the consumer or processor." [**See:** 68 O.S. § 1359(14)]

(L) **Examples not exhaustive.** Activities and items enumerated in this Section as examples and illustrations are not intended to be exclusive or exhaustive.

(M) **Purchases of taxable personal property or services by a contractor.** Purchases of taxable personal property or services by a contractor, as defined by 68 O.S. § 1352, are taxable to the contractor. A contractor who performs improvements to real property for a farmer may not purchase the tangible personal property or services to perform the contract exempt from sales tax under the exemption provided by statute to a farmer. However, sales of materials, supplies, and equipment may be made exempt from sales tax to any person who has contracted to construct facilities which are or will be used directly in the production of any livestock. For purposes of this subsection, "used directly in the production of any livestock" includes facilities used in the production and storage of feed for livestock owned by the permit holder. To receive the exemption, the contractor must follow the applicable requirements of Section 710:65-13-17.

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(N) **The exemption as it pertains to horses, ranching, and ranches.**

(1) The exemption is allowed only to those persons breeding or raising horses for marketing.

(2) The exemption is not extended to persons who own horses for personal use or who are solely engaged in activities such as boarding horses, giving riding lessons, or providing horses for recreational riding.

(O) **The exemption as it extends to feed and similar products for livestock, including horses.** The holder of an agricultural exemption permit may purchase generally recognized animal feeds, stock tonics, water purifying products, stock sprays, disinfectants, and other such agricultural supplies subject to the following limitations:

(1) The purchaser must obtain an Agricultural Permit; and

(2) The purchaser must follow the applicable requirements of Section 710:65-13-17.

Oklahoma residents engaged in the production of agricultural products, should contact their county assessor to apply for an agricultural exemption permit.

EXEMPTION FOR PERSONS RAISING ANIMALS FOR MARKETING

Rule 710:65-19-7.
Animals and animal related, non-farm.

(A) Sales of animals to a person who holds a valid sales tax permit and who is regularly engaged in raising animals for sale are exempt from sales tax. Purchases made by persons primarily engaged in raising animals for any other purpose or use other than raising animals for sale are subject to sales tax.

(B) Sales of eggs, feed, supplies, machinery, and equipment to a person who holds a valid sales tax permit and who is regularly engaged in the business of raising worms, fish, any insect, or other terrestrial or aquatic animal life for sale are exempt from sales tax. In order to qualify for the exemption, each purchaser must certify in writing, on the copy of an invoice or sales ticket to be retained by the vendor, that the purchaser is regularly engaged in the business of raising animal life and that the items purchased will only be used in that business.

(C) Sales of tangible personal property for use and consumption in operating boarding kennels and stables, or pet shops, are subject to sales tax.

(D) Sales of animals that are not defined as “livestock” by Section 710:65-13-15 are subject to tax if the purchaser is not the holder of a valid sales tax permit who is regularly engaged in the business of raising the animals for marketing or reselling the animals.

(E) Persons operating boarding kennels and stables only, and making few or no sales of animals, are considered consumer/users subject to tax on the property purchased to operate the kennel or stable.

(F) Sales of livestock, including cattle, horses, mules or other domestic or draft animals sold by the producer by private treaty or at a special livestock sale are exempt regardless of whether the purchaser has a valid sales tax permit. Also exempt is the sale of feed which is purchased for and is fed to horses, mules or other domestic or draft animals if such livestock is used directly in the producing and marketing of agricultural products. [See: Section 710:65-13-15]

(G) Sales of animals or items exempted by this section will qualify for exemption only where the purchaser certifies in writing on a copy of each invoice or sales ticket that “(The Purchaser) is regularly engaged in the business of raising animal life for marketing and that the items purchased exempt from sales tax will be used only in that business.”

Motor Fuel Rules - Exemptions

MOTOR FUEL: Certain entities are exempt from the motor fuel tax as outlined by the following rules. These entities are required to complete OTC Form 13-79 (Exemption Certificate) to qualify for the exemption. Refer to Rule 710:55-4-114(a) and (b).

After the entity completes the Exemption Certificate the vendor completes OTC Form 13-89 (Ultimate Vendor Certificate) and presents it to his supplier. Refer to Rule 710:55-4-114(b).

Excerpts From Permanent Rules – refunds for exempt entities

710:55-4-114.
Procedure for perfecting and claiming exemption for sales to certain exempt entities.

(A) **Exempt entities.** An exemption may be claimed for motor fuel:
(1) Sold to the United States or any agency or instrumentality thereof;
(2) Used solely and exclusively in district-owned public school vehicles or FFA and 4-H Club trucks for the purpose of legally transporting public school children;
(3) Purchased by any school district for use exclusively in school buses leased or hired for the purpose of legally transporting public school children, or in the operation of vehicles used in driver training;
(4) Used solely and exclusively as fuel to propel motor vehicles on the public roads and highways of this state, when leased or owned and being operated for the sole benefit of a county, city, town, a volunteer fire department with a state certification and rating, rural electric cooperatives, rural water and sewer districts, rural ambulance service districts, or federally recognized Indian tribes; or
(5) Used by the Oklahoma Space Industry Development Authority or any spaceport user, as defined in 68 O.S. 500.10(17).

(B) **Perfection by ultimate vendor.** The exemption for sales of motor fuel for use by the exempt entities described in subsection (a) shall be perfected by the ultimate vendor, by obtaining an exemption certificate signed by the purchasing entity. Upon obtaining the certificate, the ultimate vendor shall complete the sale to the purchasing entity without requiring payment of the motor fuel tax. Upon completion of the sale, the ultimate vendor shall execute an ultimate vendor certificate (on forms provided by the Commission) to its supplier. The ultimate vendor certificate shall include the identity of the purchasing entity.

(C) **Supplier to claim credit.** The supplier shall be eligible to claim a credit against the tax liability on the ensuing monthly report of the supplier after having made reasonable commercial inquiry into the accuracy of the information in the certificate. For purposes of this Section, **"reasonable commercial inquiry"** means that the supplier shall verify:
(1) That the ultimate vendor certificate is completed in its entirety, including the identity of the purchasing entity; and
(2) That the purchasing entity is exempt from the payment of motor fuel tax pursuant to paragraphs 5, 6, or 17 of Section 500.10 of Title 68 of the Oklahoma Statutes.

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Rule 710:55-4-115.
Sales from a fixed retail pump.

(A) If the sale is from a fixed retail pump, the ultimate vendor, having made the sale to the purchasing entity without the tax, may submit a refund claim to the Commission. Such refund claim shall be accompanied by a copy of the certificate presented to the ultimate vendor by the purchasing entity, and must be received by the Tax Commission within three (3) years following the last day of the calendar month in which the tax was paid.

(B) If the purchase is charged to a fleet, government fueling, or oil company credit card issued by a supplier to the purchasing entity, the supplier may elect to act as the ultimate vendor. A supplier who elects to act as an ultimate vendor may bill the purchasing entity without the tax and claim a credit against the tax liability on its monthly report. The supplier must maintain necessary records to support the claim for credit.

Rule 710:55-4-116.
Motor fuel for farm tractors or stationary engines. The exempt sale of motor fuel for farm tractors or stationary engines owned or leased and operated by any person and used exclusively for agricultural purposes shall be perfected by a refund claim filed by the consumer. The refund claim must be received by the Tax Commission within three (3) years following the last day of the calendar month in which the tax was paid. Refund claims for agricultural use of gasoline shall be less the two and eight one-hundredth cents ($0.0208) levied under the Motor Fuel Tax Code for gasoline used or consumed for agricultural purposes.

Form 13-79
Revised 11-2013

Exemption Certificate

To support Buyer's claim for an exemption from payment of Excise Tax levied under the Oklahoma Motor Fuel Tax Code.
(Vendor shall retain this document for not less than three (3) years)

Name of Vendor _____ Vendor FEIN _____

Address of Vendor _____

City _____ State _____ Zip Code _____

To be submitted to the following Supplier, CNG and/or LNG Wholesaler/Retailer:

Name: _____ FEIN: _____

This Exemption Applies to: (check only one type of entity)
Complete a separate Exemption Certificate for each exempt entity.

- ☐ Public School District, FFA, 4-H Club for the Purpose of Transporting Public School Children
- ☐ Volunteer Fire Department
- ☐ Rural Water and Sewer District
- ☐ Federally Recognized Indian Tribe
- ☐ City, County, or Town
- ☐ School District for Operation of Vehicles Used in Driver Training
- ☐ Rural Electric Cooperative
- ☐ Rural Amublance Service District
- ☐ Agency or Instrumentality of the United States
- ☐ State of Oklahoma, Underground Storage Fee

For Purchase of: (check which fuel type(s) apply)

- ☐ Gasoline (Number of Gallons: _____)
- ☐ CNG (Number of Gallons: _____)
- ☐ LNG (Number of Gallons: _____)
- ☐ Undyed Diesel (Number of Gallons: _____)
- ☐ Petroleum Underground Storage (Number of Gallons: _____)

Period in which the fuel was purchased: _____

The BUYER understands that the fraudulent use of this certificate to obtain fuel without paying the tax levied will result in BUYER paying the tax, with penalties and interest.

Name of Buyer _____ Social Security Number or FEIN _____

Address of Buyer _____ (_____) _____ Telephone Number of Buyer

City _____ State _____ Zip Code _____

Signature of Buyer _____ Date Signed _____

Printed or Typed Name of Person Signing _____ Title of Person Signing _____

OMITTING Information required by Section 500.13 may result in the DISALLOWANCE of the Exemption.
Except for the ORIGINAL SIGNATURE, this form may be duplicated for future purchases.

EXAMPLE

Form 13-89
Revised 11-2013

Ultimate Vendor Certificate

To support Vendor's claim for a credit or payment under Section 500.13 of the Oklahoma Motor Fuel Tax Code.
(Vendor submit this document to Supplier, CNG and/or LNG Wholesaler/Retailer/Consumer)

The Ultimate Vendor hereby Certifies:

1. The the Ultimate Vendor sold motor fuel to the purchasing entity for the exempt purpose;
2. That the Ultimate Vendor has the necessary records to support the sale of the motor fuel, and;
3. That the Ultimate Vendor understands and agrees that the fraudulent use of the Certificate to obtain fuel without paying the tax levied or paying a refund of the tax shall result in payment of the tax by the Ultimate Vendor with penalties and interest as well as such other penalties provided by statute.

Name of Vendor _____ Vendor FEIN _____

Address of Vendor _____ (_____) _____ Telephone Number

City _____ State _____ Zip Code _____

Signature of Ultimate Vendor _____ Date Signed _____

Intermediate Vendor's Name _____ Signature _____ Date _____

Intermediate Vendor's Name _____ Signature _____ Date _____

Purchasing Entity:

Name of Purchasing Entity _____ Purchasing Entity FEIN _____

Quantity of Exempt Motor Fuel Sold:

Date of Sale _____

Gallons of Exempt Gasoline Sold _____ Gasoline Tax Claimed _____

Gallons of Exempt Diesel Sold _____ Deisel Tax Claimed _____

Gallons of Exempt CNG Sold _____ CNG Tax Claimed _____

Gallons of Exempt LNG Sold _____ LNG Tax Claimed _____

Gallons of Dyed Diesel Sold _____ Underground Tank Storage Fee Claimed _____

To be Completed by Supplier and/or Wholesaler/Retailer/Consumer:

Name of Supplier, CNG and/or LNG Wholesaler/Retailer/Consumer _____ FEIN _____ **Total Amount Claimed** _____

Address of Supplier, CNG and/or LNG Wholesaler/Retailer/Consumer _____ (_____) _____ Telephone Number

City _____ State _____ Zip Code _____

I declare this claim is made under penalties of perjury and that the information contained in this document and any attachments is true and correct to the best of my knowledge and belief.

Sign Here: _____ Date: _____

EXAMPLE

Looking for Additional Information?

No matter what the tax topic, from ad valorem taxes to sales tax rates to filing income taxes online to vehicle tag agent information, the Oklahoma Tax Commission has several methods available to get any additional information you need.

Give us a call:

In State Toll Free • (800) 522-8165
Taxpayer Service Center • (405) 521-3160

OR

Visit one of our office locations:

Oklahoma City • 2501 North Lincoln Boulevard
Tulsa • 440 South Houston, Fifth Floor

You can also visit us on the Web:

Our website address is: **www.tax.ok.gov**
Not only will you find forms, publications, motor vehicle information and everything in between, but you are also able to reach us via email through the “Contact” link on each page. Use the email options to send us any questions you have that are not answered on the website. For various tax questions, send your email to: **otcmaster@tax.ok.gov.**