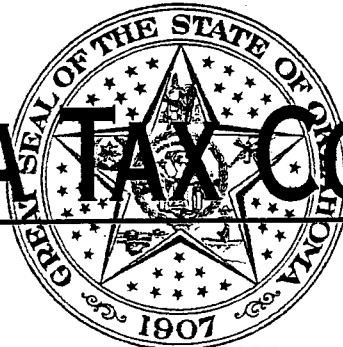


OKLAHOMA TAX COMMISSION

TAX POLICY DIVISION
RICK MILLER, DIRECTOR



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

June 4, 2014

Re: LR-13-040

Dear

This is in response to your inquiry regarding digital media service, digital marketing, website design and development, and social media consulting and implementation services to clients in Oklahoma. Set forth are the facts and the response thereto.

FACTS

is an advertising agency based in Wichita Falls, TX. We have several clients in Oklahoma and have an Oklahoma taxpayer ID#, which is We assist several of our Oklahoma clients with our digital media service, including digital marketing, website design and development, and social media consulting and implementation. I have called the Oklahoma Tax Commission twice and obtained conflicting appraisals of whether or not to apply sales tax on these services. I am writing in hopes of receiving a definite answer on how to approach this issue.

RESPONSE

In Oklahoma, sales tax is levied on the gross receipts from the sale of tangible personal property¹, certain services and other transactions as specified in Section 1354 of Title 68 of the Oklahoma Sales Tax Code. While certain advertising sales are subject to sales tax in Oklahoma, Section 1357(6) of Title 68 of the Oklahoma Statutes specifically exempts from the sales tax levy any advertising via the Internet, electronic display devices, or through electronic media. Therefore, the described transactions do not constitute the sale of tangible personal property, nor do they fall within one of the services subject to sales tax. Consequently charges for the digital media services outlined above are not subject to sales tax in Oklahoma. However, purchases in

¹ 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".

Oklahoma of taxable services and tangible personal property to provide the nontaxable services are subject to sales tax.² Likewise, use tax is due on tangible personal property when purchased out-of-state and brought into Oklahoma for use or consumption.

This response applies only to the circumstances discussed in your request of June 6, 2013. 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 black ink, reading "Brenda J. Sullivan". The signature is written in a cursive, flowing style.

Brenda J. Sullivan
Tax Policy Analyst

² Oklahoma Administrative Code 710:65-1-7 and 710:65-19-309