

OKLAHOMA TAX COMMISSION

TAX POLICY DIVISION
RICK MILLER, DIRECTOR

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

May 3, 2018

Re: Our File No. LR-18-004

Dear [REDACTED]

This is in response to your request for guidance regarding the taxability of hotel charges in the document that you submitted labeled Estimated Charges [REDACTED]. Set forth are the facts and questions presented and the response thereto.

FACTS

I have attached herewith a Quote that I have received from the hotel for the Wedding event we are trying to organize at this hotel by renting their facility space for various events listed in the quote. We are going to bring our own food for each event (breakfast, lunch, dinner, and other events listed in the event column) and not purchasing any food from the hotel. The Hotel staff (servers) will serve food that we will provide. We will use the hotel's water, tea, coffee during each event.

The quote as provided is per person charge for each event. Besides that, there is 23% service charge and 8.517% sales tax per person as listed in the last column "Total". Charges listed in "Total" column include the charge for the use of the hotel facility and their servers' service.

Would you please review the quote and kindly provide guidance and if possible letter ruling on the following:

Question

1. Is rental of the hotel facility space for the wedding event (& reception & other wedding related events as listed in the event column) subject to sales tax?
2. As I am going to provide my own food for each event & not purchasing from the hotel, do I need to pay 23% service charge & 8.517% sales tax for the use of facility and hotel staffs' (servers) service that is going to serve all the guests?
3. From the quote, which charge if any should be subject to 23% service charge and/or 8.517% sales tax?

Response

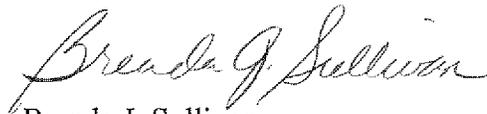
Generally, the rental of hotel facility space¹ alone is not subject to sales tax. However, based on the information provided we cannot ascertain the specific items included in the price quoted. Consequently, a definitive response whether sales tax is being properly charged cannot be provided.

Further, the Division cannot make a determination regarding the appropriateness of the 23% service charge. The terms of your contractual agreement with the hotel governs whether you pay the referenced charge.

This response applies only to the circumstances discussed in your request received March 21, 2018. 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



Brenda J. Sullivan
Tax Policy Analyst

¹ Oklahoma Administrative Code 710:65-19-143(a) states that "the furnishing of rooms, except meeting rooms, by a hotel, apartment hotel, cottage camp, or lodging house open to the public is subject to sales tax"