

Sales/Use/Indirect:

Oklahoma Letter Ruling Says True Object of Service Involving TPP Sale is Nontaxable Service

File No. LR-23-006, Okla. Tax Comm., Office of the General Counsel (7/5/24). A letter ruling issued by the Oklahoma Tax Commission's Office of the General Counsel involving a company providing DNA testing and analysis and ancestral/health history reports personalized to individual customers worldwide concluded that, based on the provided facts, the true object of these transactions is the testing service and subsequent results, and the sale of certain tangible personal property (*i.e.*, the underlying specimen collection kits provided to its customers) is essential to use of the service. The ruling explains that these provided services are *not* subject to Oklahoma sales or use tax because they are not enumerated as taxable services under state law, and the nontaxable services also are *not* taxable as part of a bundled transaction with the tangible personal property under Oklahoma law. However, the ruling notes that the company must remit use tax to Oklahoma on the specimen collection kits for its Oklahoma customers, because they constitute tangible personal property brought into the State for use in providing the nontaxable service. Please contact us with any questions.

URL: <https://oklahoma.gov/content/dam/ok/en/tax/documents/resources/rules-and-policies/letter-rulings/2023/LR-23-006-L.pdf>

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