

July  
— 2000

# Oklahoma

## business bulletin

- a quarterly publication of the Oklahoma Tax Commission

We are here to serve you by promoting tax compliance through quality service and fair administration.

The Oklahoma Tax Commission has several locations across the state to serve you. Listed below are these offices, addresses and telephone numbers.

### Oklahoma City

(405) 521-3160  
2501 North Lincoln Boulevard  
or  
(405) 522-0789  
NW 23rd and Villa (Shepherd Mall)

### Tulsa

(918) 581-2399  
440 South Houston

### McAlester

(918) 426-0777  
1533 South Main

### Lawton

(580) 248-8440  
1602 NW Lawton Avenue, Suite B

### Ardmore

(580) 226-4636  
301 West Main, Suite 316

### In-State Toll Free

(800) 522-8165  
Extension 1-3160

The Oklahoma Business Bulletin is a quarterly publication of the Communications Division of the Oklahoma Tax Commission.

Questions and comments regarding this publication should be directed to (405) 521-3637 or:  
OTC - Communications Division  
2501 North Lincoln Boulevard  
Oklahoma City, OK 73194

## Sales Tax

### History, Function and Form on the Oklahoma Sales Tax

Oklahoma business owners encounter a variety of tax-types, each with a specific method of filing and serving a specific function to the state. Sales tax, one of the most common to state businesses, has a unique function, form and history.

Sales tax has been an institution within Oklahoma since 1933. The government, at that time, was faced with a dilemma that was quite new to them: The Great Depression. Many families were financially incapable of caring for their aged relatives who were no longer able to work. The idea was developed to create a tax to benefit the elderly generation. A 1% sales tax proved to be the answer, as theoretically, only those taxpayers capable of spending money were taxed.

In 1936, the state legislature opted to modify the sales tax law to 2% in order to benefit more needy citizens. This system lasted more than 50 years before the state legislature amended the law to involve the depositing of sales-tax-dollars into the General Revenue Fund and increased the rate to 3%.

Currently, the state sales tax is 4.5%.

Sales tax revenue is placed into three different funds that includes the Education Reform Revolving Fund, the General Revenue Fund and also the Teachers' Retirement System.

In order to reach its three destinations: The General Revenue Fund; the Education Reform Revolving Fund; and Teachers' Retirement System, sales tax revenue must travel a distinct route.

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### sales tax facts...

- In the early days of sales tax, taxpayers were expected to purchase small vouchers, with a value of 1/10%, known as mills. These mills were given, in place of cash, to the vendors, to fulfill the sales tax requirements on small purchases.
- State sales and use tax amounts to 25% of the state's tax revenues.
- The state of Oklahoma has approximately 65,000 sales tax permit holders. Those with a \$50.00 or less sales tax liability per month have the option of remitting a report only semi-annually.
- At the end of fiscal year 1999, more than \$1.3 billion had been collected in state sales tax.
- Any sales tax questions should be directed to the Taxpayer Assistance Division of the Oklahoma Tax Commission: (405) 521-3160.

# New Business?

## Registration, Workshops and Licensing All Simple Steps in New Business Start

### • Registration?

A common question received at the Tax Commission is “should I register my business?”. To put it simply, the following types of businesses are required to register with the Oklahoma Tax Commission:

Corporations doing business in Oklahoma.

Corporations or sole proprietors required to have a sales tax permit because they will be making sales of tangible personal property, charging admissions, leasing or renting tangible personal property, accommodations in hotels or motels, or parking or storage spaces for motor vehicles.

Corporations or sole proprietors who have employees from whose salaries they are required to withhold state income tax.

It is not necessary to register any business that is not operated by a corporation if they are not required to have a sales tax permit and do not have employees.

### • Licensing Tips...

Business owners and people interested in starting a business venture often come to the Tax Commission to find out what types of licenses and permits might be required of them. While we are able to advise what the Tax Commission requires, our employees may not be aware of what other regulatory agencies a person should go to. Now there is help for you available on the Internet.

By visiting <http://www.odoc.state.ok.us/busdev/obc.nsf> you can view a listing of licensing requirements for the type of business that you are interested in, along with downloading registration or application forms. Also available are links to the various state agencies that administer and regulate those licenses or permits.

This directory, which is hosted by the Department of Commerce, offers a listing of business licenses necessary to engage in business at the State level. Information on local and Federal licensing requirements will be added at a later date. Currently, 25 agencies are participating in the program.

### • Workshops for All

The Oklahoma Tax Commission offers business workshops to both the new and existing business owner. **New Businesses...**

For a new business or an individual thinking about setting up a business in Oklahoma, the workshop offers information on formation, business structures, steps for formation types such as incorporation steps, a step-by-step guide to business registration, bookkeeping techniques, and a line-by-line explanation of the primary business tax forms.

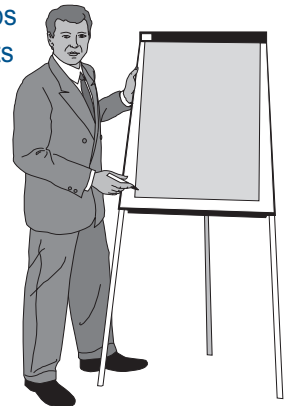
The workshop participant will learn the keys to sales tax registration and collection, along with helpful tips on rate tables, reporting formats and exemptions. While questions are allowed and welcomed during the workshop, time is also allotted following each workshop for individual questions with the workshop instructor(s).

#### Existing Businesses...

For an existing business, the workshop offers information on the keys to sales tax registration and collection, along with helpful tips on rate tables, reporting formats and exemptions. Participants will also learn the steps to filling out the various business tax forms and which forms and tax laws have changed based on the latest legislative decisions. While questions are allowed and welcomed during the workshop, time is also allotted following each workshop for individual questions with the workshop instructor(s).

Workshops are scheduled in various areas and towns. For a complete listing of workshops available in Oklahoma or to register for a workshop, please call (405) 521-3279. You can also visit our web site at [www.oktax.state.ok.us](http://www.oktax.state.ok.us) for a complete listing of workshops.

To speak to someone regarding having a workshop set up in your area, please call (405) 521-4578.



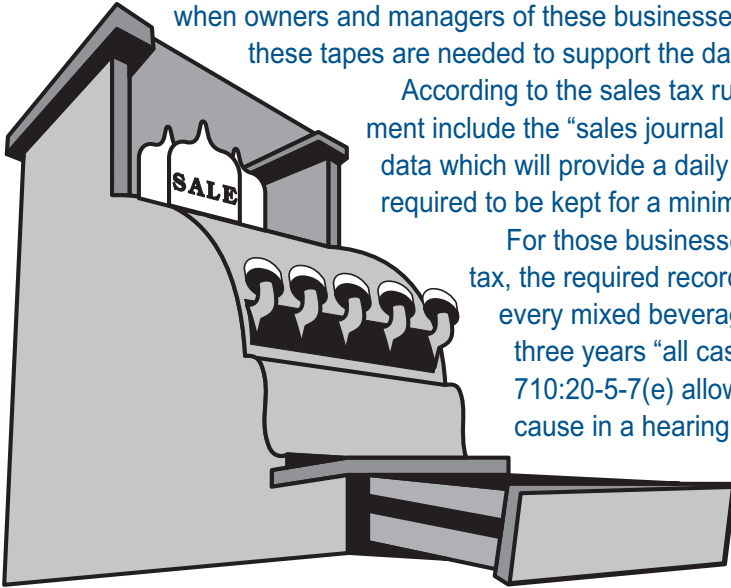
# Register Tapes

## Record Keeping Tip for Your Business

Many businesses today use cash registers to track their daily sales. The registers produce sales tapes or 'Z' tapes with the total sales for the day on them. These sales are then usually transferred to a daily sales report. A problem occurs when owners and managers of these businesses fail to keep the register or 'Z' tapes with their records since these tapes are needed to support the daily sales reports.

According to the sales tax rule 710:65-3-31(a)(1), records constituting the minimum requirement include the "sales journal or log of daily sales in addition to cash register tapes and other data which will provide a daily record of the gross amount of sales". These records are required to be kept for a minimum of three years.

For those businesses that sell mixed beverages, which are subject to gross receipt tax, the required records also include cash register 'Z' tapes. Per rule 710:20-5-7, every mixed beverage permit holder shall keep and maintain for a period of at least three years "all cash register records and receipts". The mixed beverage rule 710:20-5-7(e) allows the Oklahoma Tax Commission to have the taxpayer show cause in a hearing why his permit should not be suspended or revoked and pay to the state the one percent remuneration previously retained by the taxpayer if the taxpayer fails to establish and maintain the records required by this rule. The Oklahoma Tax Commission may revoke or suspend the permit



for the period during which no records were found to have been kept.

So, if your business uses cash registers to track sales, remember it is very important that you maintain the cash register or 'Z' tapes for a minimum of three years.

## Sales Tax • continued from page one...

When possession, or title of tangible personal property is transferred from one entity to another, in exchange for compensation, a sale is made. It is at this time that the taxpayer remits sales tax. The vendor collects the tax and is responsible for keeping accurate records regarding amount of sales tax collected as well as the rates and codes for each city and county in which business is done. Counties and cities maintain four-digit codes (the first two digits of any city code are the code for the county in which it resides). Vendors must charge the sales tax rate that reflects the point of delivery. Often, vendors who accept phone/Internet/mail orders, as well as those businesses characterized by delivery, will have multiple counties and cities listed on their sales tax reports.

A chart explaining the rates and codes for sales tax is available on the Tax Commission web site at [www.oktax.state.ok.us](http://www.oktax.state.ok.us). Vendors may also download a program to assist in tracking the rates and codes for sales tax from the web site.

On the fifteenth of each month, vendors are respon-

sible for mailing a report representing sales made and sales tax collected, during the previous month, within each city and county; along with the report the vendor must remit a check for the total amount of sales tax collected. Those vendors who file before the fifteenth of the month are entitled to keep 2 1/4% of the tax due, not to exceed \$3,300.

All reports and payments are processed and entered on a daily basis by employees of the Oklahoma Tax Commission. At that point, the agency remits the State funds to the Treasurer's office for a double-check against the agency's deposit slips. On a monthly basis, the Tax Commission remits checks to each county and city in Oklahoma that has enacted a sales tax.

Although cities and counties have the option of creating sales taxes, the limit on what a county may charge is 2%. There is no limit on what cities may charge for a sales tax. State law currently requires a vote of the people for sales tax increases for the state, cities and counties.

# Decal Deadline Renewal Period Arrives for Coin Operated Devices

Just a reminder that it is time for the annual renewal period of coin device and vending machine decals. Year 2001 decals must be on your machines by July 1, 2000. The Tax Commission has the new decals available for sale at all office locations:

- Oklahoma City (Capitol Complex and Shepherd Mall locations)
- Ardmore Office
- McAlester Office
- Lawton Office
- Tulsa Office

If you are unable to stop by an office location decals may also be renewed by mail. To receive a coin device decal application contact our Taxpayer Assistance office at (405) 521-3160 and a Customer Service Representative will have one sent out to you.

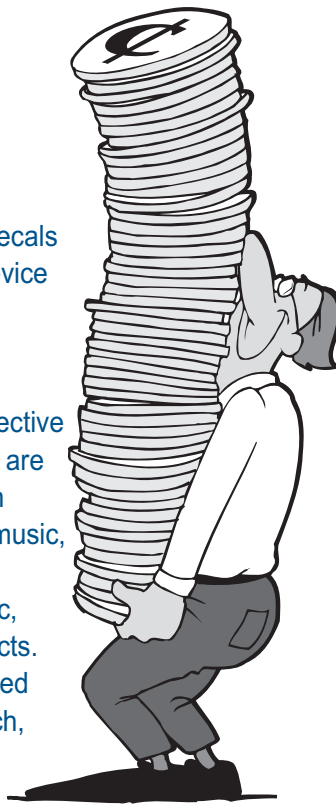
Coin device decals are purchased at their respective fees in lieu of paying sales tax. Coin device decals are required for each machine if the machine can, upon insertion of a coin, token or similar object, provide music, amusement or entertainment or dispense products separate and apart from any other provider of music, amusement or entertainment or dispenser of products.

Machines not requiring decals are devices owned by and located in a private or public school, a church, a governmental entity, or installed on a federal military base. Also, vending devices that dispense only newspapers or periodicals and vending devices that dispense only postage stamps.

Before any coin device is put into operation, a current year decal (2000 decals expire June 30, 2000) must be "firmly affixed" to the device and plainly visible to and readable by the public. The Tax Commission interprets firmly affixed as attached using the adhesive incorporated on the decal and attached directly on the machine - not to an attachment such as a piece of plastic or plexi-glass that is additional to the original manufactured device.

Special event decals, such as for fairs or carnivals, are available in any number of 30-day periods, at a reduced rate. Also, decals purchased after January 1 and before June 30 of the current decal year are offered at half price.

If you have any questions on coin device decals, please do not hesitate to contact the Oklahoma Tax Commission's Taxpayer Assistance Division at (405) 521-3160.



## 1, 2, 3 Contact Us...

Do you have questions about a current account? Are you interested in setting up a new account and need to know how to get started? Contacting us is as easy as one, two, three...

**1 Taxpayer Assistance 521-3160**  
(business tax issues, gross production, sales tax issues, business registration, income tax assistance, franchise taxes, motor fuel questions, withholding taxes)  
*During peak times, your call may be placed on hold. Please wait for the next available operator.*

Toll Free Number (Oklahoma only)  
(800) 522-8165  
Telefile (Sales Tax-no taxes due only)  
(877) 829-2002

FaxBack (Forms by Fax)	522-0465
Forms Request	
Business Tax Forms	521-4667
Income Tax Forms	521-3108
Audit Division	521-3251
Ad Valorem Division	521-3178
Collections Division	521-3281
Legal Division	521-3141
Motor Vehicle Division	521-3221

(All numbers are 405 area code unless otherwise indicated.)

**2** If you have a computer and internet service, visit our site at [www.oktax.state.ok.us](http://www.oktax.state.ok.us). We have downloadable forms, along with many other key information elements. The opportunity for you to e-mail questions or comments to agency personnel is also available on the site. While we try to answer all e-mails in a timely manner, please be patient during peak filing periods. When possible, please include name, address, and a phone number if you would prefer an answer by phone.

**3** Visit one of our locations. We have offices located in Oklahoma City, Tulsa, McAlester, Ardmore, and Lawton. Check the front of this newsletter for addresses and phone numbers to these offices.