JURISDICTION: **OKLAHOMA TAX COMMISSION - DECISION**
CITE: **2002-08-13-017 / NOT PRECEDENTIAL**
ID: **P0200082**
DATE: **08-13-02**
DISPOSITION: **DENIED**
TAX TYPE: **INCOME**
APPEAL: **NO APPEAL TAKEN**

FINDINGS OF FACT

Now on this 19th day of June, 2002, the above styled and numbered cause comes on for decision pursuant to Section 221(D) of the ***Uniform Tax Procedure Code***. PROTESTER appears pro se. The Audit Division of the Tax Commission (hereinafter "Division") is represented by AN Assistant General Counsel, General Counsel's Office of the Tax Commission.

Upon review of the file and records, the undersigned finds:

1. That Protester is, and was at all times relevant herein, a resident of the State of Oklahoma.

2. That on or about April 1, 2002, Protester filed Oklahoma Form 511 for the 2001 tax year, showing both Federal Adjusted Gross Income and Oklahoma Taxable Income as "zero" and claiming a refund in the amount of $814.00.

3. That the Division audited and adjusted the return, determining that Protester's Oklahoma taxable income for the 2001 tax year was $21,655.00, resulting in an Oklahoma income tax of $1,131.00.

4. That by letter dated May 8, 2002, the Division notified Protester of the adjustment to his 2001 income tax return, proposed the assessment of additional income tax in the amount of $290.00 and advised him of his right to protest the adjustment and assessment.

5. That by letter dated May 10, 2002, a billing statement was forwarded to Protester, indicating an aggregate amount due for the 2001 income tax year in the amount of $307.36, inclusive of income tax in the amount of $290.00, penalty in the amount of $14.50, and interest in the amount of $2.86.

6. That Protester timely responded to the adjustment and assessment notice, asserting that since Treasury obligations are generally exempt from state and local taxation and federal reserve notes are obligations of the United States, his wages which are paid with federal reserve notes are not subject to state tax. He further demanded the return of the monies withheld for the year 2001 in the amount of $814.00.

CONCLUSIONS OF LAW

WHEREFORE, premises considered, the undersigned concludes as a matter of law that the Tax Commission is vested with jurisdiction over the parties and subject matter of this action, 68 O.S. 1991, Section 207; that a proposed adjustment is presumed correct and the taxpayer bears the burden of showing that it is incorrect, and in what respect, ***Enterprise Management Consultants, Inc. v. Oklahoma Tax Commission***, 768 P.2d 359 (Okl. 1988); that Oklahoma income tax is imposed upon the Oklahoma taxable income of every resident or nonresident individual, 68 O.S. 1991, Section 2355(A); that Oklahoma taxable income means "taxable income" as reported or as finally determined under the Internal Revenue Code, subject to further adjustment, 68 O.S. 1991, Section 2353(12); that compensation for services, including wages, are included in an individual's taxable income, IRC Section 61(a); and that Protester's argument is frivolous and totally without merit for the following reasons: (1) only the interest earned on certain Treasury obligations is generally exempt from state income taxation and (2) federal reserve notes paid as wages are not Treasury obligations which are exempt from state taxation.

DISPOSITION

THEREFORE, based on the above and foregoing findings and conclusions, it is DETERMINED that the protest be denied. It is further DETERMINED that the amount in controversy, plus any additional accrued and accruing interest, be fixed as the deficiency due and owing.

OKLAHOMA TAX COMMISSION

CAVEAT: This decision was **NOT** deemed precedential by the Commission. This means that the legal conclusions are not generally applicable or are limited in time and/or effect. Non-precedential decisions are not considered binding upon the Commission. Thus, similar issues may be determined on a case-by-case basis.