

- INCLUDES FORM 512  
AND FORM 512-TI



# 2007 OKLAHOMA CORPORATION INCOME TAX FORMS AND INSTRUCTIONS

**This packet contains:**

- Instructions for completing the Form 512
- Two 512 corporation income tax forms
- Two Form 512-TI Computation of Oklahoma Consolidated Taxable Income

**Filing date:**

- Your Oklahoma return is due the same date as your Federal return.

**For assistance or forms:**

- See page 16 for methods of contacting the Oklahoma Tax Commission.

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# WHAT'S NEW IN THE 2007 OKLAHOMA PACKET?

- The instructions for the Indian Employment Exclusion have been included in the packet for 2007. See page 7 for further information.
- There is one new credit available to corporations on Form 511CR: Credit for Stafford Loan Origination Fee. This is available for banks and credit unions. See page 10 for information on how to obtain the Form 511CR.
- You can make a donation to benefit the Oklahoma Leukemia and Lymphoma Fund. For further information, see page 15.

- Oklahoma Form 512-TI: "Computation of Oklahoma Consolidated Taxable Income" has been added to this packet. See "Consolidated Returns" on page 3 for more information.

## COMMON ERRORS

Below are the most common errors on last year's returns. To aid in processing your return, please double check your return carefully.

- Check your FEIN on all forms and schedules.
- Fiscal year dates are a common problem. If you file based on a fiscal year, please list dates on top of form where indicated.
- Enclose a complete copy of your Federal return.
- Enclose all required schedules.

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## GENERAL FILING INFORMATION

### Liability for Filing Your Return...

Every resident or foreign corporation subject to taxation under Oklahoma statutes shall make a return, whether or not it shall have any net income.

NOTE: Small Business Corporations (Subchapter S) must use Form 512-S.

### Time and Place for Filing...

The return must be filed on or before the 15th day of the third month following the close of the taxable year with the Oklahoma Tax Commission, PO Box 26800, Oklahoma City, Oklahoma 73126-0800. A valid extension of time in which to file your Federal return automatically extends the due date of your Oklahoma return if no Oklahoma liability is owed. A copy of the Federal extension must be enclosed with your Oklahoma return. If your Federal return is not extended, or an Oklahoma liability is owed, an extension of time to file your Oklahoma return may be granted on Form 504. The Form 504 must be filed on or before the due date of the return.

90% of the tax liability must be paid with the extension to avoid delinquent penalty for late payment. 100% of tax liability must be paid with the extension to avoid delinquent interest for late payment.

In the case of complete liquidation or the dissolution of a corporation, the return shall be made on or before the 15th day of the fourth month following the month in which the corporation is completely liquidated (or the Federal due date).

### Fiscal Year and Short Period Returns...

For all fiscal year and short period returns, the beginning and ending dates of the tax year must be shown on the top portion of the return where indicated. Omission of this information may cause a significant delay in the processing of the return and no interest will accrue on any refund pending.

## GENERAL FILING INFORMATION

### Consolidated Returns...

If a Federal consolidated return is filed, an Oklahoma consolidated return may be required or permitted under certain circumstances.

An election to file a separate return or consolidated return is made with the timely filing of the return. If an affiliated group of corporations elects to file a consolidated Oklahoma income tax return such election shall be binding. The affiliated group of corporations shall be required to file a consolidated Oklahoma income tax return for all future tax years unless the Oklahoma Tax Commission releases the affiliated group of corporations from such election.

In filing a Consolidated Income Tax Return for Oklahoma, the Oklahoma taxable income for each corporation is computed separately on its own factors and then combined for one total income upon which the tax is computed. Complete **Form 512-TI: *Computation of Oklahoma Consolidated Taxable Income*** to determine the combined taxable income to report on page 1, line 1 of Form 512. Submit a separate Schedule A and Schedule B, if applicable, for each company within the consolidation.

Enclose a copy of the Federal consolidated return with an income statement, balance sheet, M-1, M-2, M-3 and supporting schedules for each member of the consolidated group. Title 68 O.S. Section 2367.

### Special Instructions Regarding Form 512, Page 4...

Complete Page 4 or attach a copy of the Federal Form 1120 Schedules L, M-1 and M-2. Corporations that are not required to complete Federal Form 1120 Schedules L, M-1 and M-2 are still required to complete the Oklahoma Form 512, Page 4 - Balance Sheets, Reconciliation of Income per Books with Income per Return (OK M-1) and Analysis of Unappropriated Retained Earnings per Books (OK M-2).

Corporations that are not required to complete Federal Form 1120 Schedule M-1 due to the requirement to complete Schedule M-3 must either complete the Oklahoma Schedule M-1 or enclose a copy of the Federal Schedule M-3.

### Declaration of Estimated Tax...

Corporations must make estimated tax payments when the tax liability for the current year can reasonably be expected to be \$500 or more. The estimated tax payments shall be the lesser of 70% of your current year's tax liability or 100% of the tax liability shown on your return for the preceding taxable year of 12 months.

The estimated tax payments shall be paid in four equal\* installments of:

- one-quarter on or before the 15th day of the fourth month of the taxable year;
- one-quarter on or before the 15th day of the sixth month of the taxable year;
- one-quarter on or before the 15th day of the ninth month of the taxable year;
- one-quarter on or before the 15th day of the first month of the succeeding taxable year.

Amended declarations may be filed on any of the payment dates. The Form OW-8-ESC, for filing estimated payments, will be provided upon request.

\*For purposes of determining the amount of tax due on any of the respective dates, taxpayers may compute the tax by placing taxable income on an annualized basis as prescribed in Rule 710:50-13-9.

Estimated payments can be made electronically through the Oklahoma Tax Commission website. Visit the "Payment Options" page on the web at [www.tax.ok.gov](http://www.tax.ok.gov) for further information.

There is no provision in the present law for tentative returns.

### Amended Returns...

Use Form 512X for all amended returns. Enclose federal Forms 1120X or 1139 and proof of disposition by the Internal Revenue Service when applicable.

An overpayment on an amended return may not be credited to estimated tax, but will be refunded. The amount applied to estimated tax on the original return cannot be adjusted.

## GENERAL FILING INFORMATION

### Adjustments by Internal Revenue Service...

Taxpayers who file "consents" extending the time for making Federal adjustments automatically extend the time for making state adjustments. The taxpayer is also required to file an amended return reporting all Internal Revenue Service adjustments. A copy of the finalized RAR must be furnished.

### Banks and Credit Unions...

State and national banks and state credit unions are subject to an "In Lieu" tax. See Title 68 O.S. Section 2370 and Title 68 O.S. Section 1201 et seq. (Franchise Tax). When reporting income on Schedule A, line(s) 5 and/or 6b, please furnish a detailed schedule of the interest income by source and amount. Expense deductions claimed in arriving at taxable income shall be reduced by an amount equal to 50% of excluded interest income on obligations of the United States government or agencies thereof and obligations of the State of Oklahoma or political subdivisions thereof.

### Oklahoma Net Operating Loss Deduction...

**Notice:** The amount of any net operating loss deduction claimed on Schedule A, line 29a or Schedule B, line 6d, must also be entered on the front of Form 512 in the space provided at the top of the form.

The amount of any Federal net operating loss deduction shall be adjusted as follows:

For carryovers and carrybacks to taxable years beginning after December 31, 1980, the amount of any net operating loss deduction allowed for the taxable year shall be an amount equal to the aggregate of the Oklahoma net operating loss carryovers and carrybacks to such year. Oklahoma net operating losses shall be separately determined by reference to Section 172 of the Internal Revenue Code as modified by the Oklahoma Income Tax Act and shall be allowed without regard to the existence of a Federal net operating loss. For tax years 1996-2000, net operating losses may not be carried back but may be carried forward for a period of time not to exceed 15 years. **For tax years 2001 and subsequent, net operating losses may be carried forward and back in accordance with Section 172 of the Internal Revenue Code.** Title 68 O.S. Section 2358 (A)(3).

A detailed schedule must be furnished for any net operating loss carried forward to the current tax year.

An election may be made to forego the carryback period. A written statement of the election must be part of the the original timely filed Oklahoma loss-year return. If the corporation timely filed its return for the loss-year without making the election, it may make the election on an amended return filed within 6 months of the due date of the loss year return (excluding extensions). Attach the election to the amended return. Once made, the election is irrevocable.

**Electronic Payment  
Options Available at  
[www.tax.ok.gov](http://www.tax.ok.gov)**

### Refundable Credits...

A refundable credit is available for qualified capital expenditures, wages and training expenses incurred by a business enterprise whose principal activity is data processing services, computer systems design services or other computer related services that, as of July 1, 2005, maintains an Oklahoma annual payroll of at least \$85 million and an Oklahoma labor force of 1,000 or more persons. The Computer Industry Credit may be claimed by filing Form 580 at any time. Or, the credit may be claimed on the estimated tax line of the income tax return, in which case, Form 580 must be enclosed with the return. Title 68 O.S. Section 2357.201 and Rule 710:50-15-100.

A refundable credit is available for qualified capital expenditures, wages and training expenses incurred by a business enterprise whose principal activity is the manufacture of wing components for large commercial aircraft and other aerospace structures and components for commercial and government aerospace products. The Aerospace Industry Credit may be claimed by filing Form 581 at any time. Or, the credit may be claimed on the estimated tax line of the income tax return, in which case, Form 581 must be enclosed with the return. Title 68 O.S. Section 2357.202 and Rule 710:50-15-100.

## LINE BY LINE INSTRUCTIONS

### GENERAL INSTRUCTIONS FOR DETERMINING OKLAHOMA TAXABLE INCOME

#### INCOME COMPUTATION...

Beginning with Federal taxable income, proper adjustments are to be made to arrive at Oklahoma taxable income. Some of the adjustments may be to add interest income from obligations of state and political sub-divisions thereof, and to deduct interest from U.S. obligations. Oil and mining production or royalties and gain or loss from disposition of such property shall be allocated according to their situs. General and administrative expenses, such as interest expense, etc., will ordinarily be allocated on the basis of Oklahoma direct expense to total direct expense.

#### SAFETY PAYS OSHA CONSULTATION SERVICE EXEMPTION:

(Schedule A, Line 26, column B or Schedule B, Line 3)

An employer that is eligible for and utilizes the Safety Pays OSHA Consultation Service provided by the Oklahoma Department of Labor shall receive a \$1,000 exemption for the tax year the service is utilized. Employers must be able to substantiate their participation in the Oklahoma Department of Labor's Safety Pays Consultation Service upon request.

#### QUALIFIED REFINERY PROPERTY:

(Title 68 O.S. Section 2357.204)

##### • **The election to expense instead of depreciate**

A refinery may elect to treat 100% of the cost of qualified refinery property located in Oklahoma as an expense that is not chargeable to a capital account. Any cost so treated is allowed as a deduction for the year in which the qualified refinery property expense is incurred. Once made, the election is irrevocable without the consent of the Oklahoma Tax Commission. The depreciation deducted on the Federal return for such property must be added back in this and in all subsequent years.

**Note:** A report must be attached to certify that the provisions of Title 68 O.S. Section 2357.204(E) & (F) have been met. No deduction allowed under this section will be allowed unless this certification is enclosed with the refinery's income tax return.

##### **If you are the Refinery -**

(Schedule A, Line 26, column B or  
Schedule B, Line 3 - as a deduction)

To make the election to expense the cost of qualified refinery property located in Oklahoma in the tax year in which the expense is incurred, deduct the cost of the property on a timely filed return, unless a second election is made by the refinery to allocate all or a portion of the deduction to its owners. If the second election is made, do not deduct such portion on Form 512. Each owner will report their allowable share of the deduction on their own income tax return; see "The election to allocate expense to owners" below.

##### **If you are the Refinery -**

(Schedule A, Line 10, column B or  
Schedule B, Line 2 - as an addition)

If the election was made to expense the cost of qualified refinery property located in Oklahoma on this year or on a previous year's Oklahoma return, the depreciation deduction claimed on the Federal return for such property must be added back to arrive at Oklahoma taxable income. This addition must be made regardless of whether the expense is claimed on the corporate return or allocated to its owners.

##### • **The election to allocate expense to owners**

The refinery may elect to allocate all or a portion of the deduction to its owners. The allocation for each person is equal to the ratable share of the total amount allocated, determined on the basis of the ownership interest of the person. If this election is made, such portion of the cost of the qualified refinery property is not deducted as an expense on Form 512. Each owner reports their allowable share of the deduction on the designated line on their own income tax return. The refinery must attach a schedule stating the qualified refinery property(ies), the date(s) placed in service, the total cost being expensed, and the portion of such expense allocated to each owner, including the owner's name and Federal Identification Number.

**Don't forget to copy  
your return for your files  
before mailing.**

## LINE BY LINE INSTRUCTIONS

### GENERAL INSTRUCTIONS FOR DETERMINING OKLAHOMA TAXABLE INCOME, CONTINUED

#### **If you are the Owner -**

(Schedule A, Line 26, column B or  
Schedule B, Line 6 - as a deduction)

Deduct the portion of the cost of the qualified refinery property allocated to you as an owner in the refinery. Attach a schedule stating your corporate name and FEI number, the refinery/ company name and FEI number, the qualified refinery property(ies), the date(s) placed in service, and the portion of cost allocated to you.

#### **COST OF COMPLYING WITH SULFUR**

**REGULATIONS:** (Title 68 O.S. Section 2357.205)

A qualified refinery may make an irrevocable election to allocate all or a portion of the cost of complying with sulfur regulations issued by the Environmental Protection Agency as a deduction allowable to its owners. The allocation for each person is equal to the ratable share of the total amount allocated, determined on the basis of the ownership interest of the person. The taxable income of the refinery shall not be reduced by the reason of any amount allowed under this section.

#### **If you are the Refinery -**

To make the election, attach a schedule stating your corporate name and FEI number, a list of the costs of complying with sulfur regulations some or all of which are being allocated to your owners, and the portion of such costs allocated to each owner, including the owner's name and Federal Identification Number. You shall also provide each owner with written notice of the amount of the allocation. The notice must include your corporate name and FEI number and the owner's name and Federal Identification Number.

#### **If you are the Owner -**

(Schedule A, Line 26, column B or Schedule B,  
Line 6)

Deduct the portion of the cost of complying with sulfur regulations which have been allocated to you. Attach the written notice of the allocation received from the refinery.

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**Oklahoma tax  
assistance available 24/7.**

#### **OKLAHOMA CAPITAL GAIN DEDUCTION:**

(Schedule A, Line 26, column B or Schedule B,  
Line 6)

Corporations can deduct qualifying gains receiving capital treatment which are included in Federal taxable income. "Qualifying gains receiving capital treatment" means the amount of the net capital gains, as defined under the Internal Revenue Code Section 1222(11). The qualifying gain must:

- 1) Be earned on real or tangible personal property located within Oklahoma that you have owned, either directly or indirectly, for at least five uninterrupted years prior to the date of the sale, or
- 2) Be earned on the sale of stock or ownership interest in an Oklahoma headquartered company, limited liability company, or partnership where such stock or ownership interest has been owned, either directly or indirectly, by you for at least three uninterrupted years prior to the date of the sale.

Enclose Form 561-C and a copy of your Federal Schedule D.

#### **EMPLOYERS PROVIDING CHILD CARE PROGRAMS FOR THEIR EMPLOYEES:**

(Schedule A, Line 10, column B or  
Schedule B, Line 6 as an addition)

Employers incurring expenses to provide Oklahoma child care services for children of their employees may be allowed a credit. If allowed, the eligible expenses upon which the credit is based must be added back to arrive at Oklahoma taxable income. See Form 511CR, Number 12 for the credit. Enclose a schedule of eligible expenses and the computation of the credit. Title 68 O.S. Section 2357.26 and Rule 710:50-15-91.

## LINE BY LINE INSTRUCTIONS

### GENERAL INSTRUCTIONS FOR DETERMINING OKLAHOMA TAXABLE INCOME, CONTINUED

#### AGRICULTURAL COMMODITY PROCESSING FACILITY EXCLUSION:

(Schedule A, Line 26, column B or Schedule B, Line 6)

Owners of agricultural commodity processing facilities may exclude 15% of their investment costs in a new or expanded agricultural commodity processing facility located within Oklahoma. Agricultural commodity processing facility means building, structures, fixtures and improvements used or operated primarily for the processing or production of agricultural commodities to marketable products. The investment is deemed made when the property is placed in service.

Under no circumstances shall this exclusion lower your taxable income below zero. In the event the exclusion does exceed taxable income, any unused portion may be carried over for a period not to exceed six years. A schedule must be enclosed showing the type of investment(s), the cost of the investment, and the date placed in service.



The Oklahoma Tax Commission's QuickTax system is available for your business tax filing needs. This online system will accept returns and payments for the following tax types:

Sales Tax • Use Tax (vendor and consumer)  
Withholding Tax • Mixed Beverage Tax  
Waste Tire Tax  
Nonresident Royalty Withholding Tax  
Estimated Income Tax

Payment options include ACH debit, ACH credit, and credit card. Set up just like your paper forms, the QuickTax system is faster and much easier than the paper method. Also, when you finish, you will receive a confirmation number, giving you the peace of mind in knowing your report and payment have been received.

Log on to our website at [www.tax.ok.gov](http://www.tax.ok.gov). Give QuickTax a try with your next business tax filing, because you didn't go into business to file tax forms!

#### FIRST YEAR BONUS DEPRECIATION:

##### • 30% First Year Bonus Depreciation...

Federal taxable income shall be increased by 80% of any amount of bonus depreciation received under the Federal Job Creation and Worker Assistance Act of 2002. Any amount added back can be reclaimed in a later year. In the first taxable year beginning after the bonus depreciation was added back, and for the next three taxable years, subtract 25% of the amount added back.

(Schedule A, Line 21, column B or Schedule B, Line 6)

If the bonus depreciation was claimed on a previous year's Federal return, subtract 25% of the amount of bonus depreciation added back in such year. Subtract the depreciation on Schedule A, Line 21, column B or on Schedule B, Line 6. For corporations filing Schedule B in the initial year, 25% of the bonus depreciation that was apportioned to Oklahoma in such initial year is subtracted. (Do not use the amount of bonus depreciation added back on Schedule B, Line 2 of the initial year.)

Enclose a schedule of your computation.

Note: Limited Liability Companies are not corporations subject to this adjustment.

##### • 50% First Year Bonus Depreciation...

No adjustment is required for those corporations who are claiming the 50% bonus depreciation received under the Jobs and Growth Tax Relief Reconciliation Act of 2003.

#### INDIAN EMPLOYMENT EXCLUSION:

(Schedule A, Line 26, column B or Schedule B, Line 3)

All qualified wages equal to the federal Indian Employment Credit set forth in 26 U.S.C.A., Section 45A, shall be deducted from taxable income. Deduct on the Oklahoma return, an amount equal to the reduction of salaries and wages reported on the federal return as a result of the Form 8845 "Indian Employment Credit". The deduction allowed shall only be permitted for the tax years in which the Federal credit is allowed, even if not used in such year because of tax liability limitations. Enclose a copy of the Federal return, Form 8845 and if applicable, Form 3800.

## LINE BY LINE INSTRUCTIONS

### PAGE TWO - SCHEDULE A

**Schedule A, Column A** is to be completed by all corporations. All corporations start with Schedule A.

**Schedule A, Column B** is to be used by all corporations domesticated in Oklahoma deriving all of their income within Oklahoma or by corporations whose business within and without Oklahoma is oil and gas production, mining, farming, or rental. This should be completed using the direct accounting method.

Income (loss) shall be allocated in accordance with the situs of such property. Overhead expense shall be allocated on the basis of direct expense in Oklahoma to the total direct expense everywhere.

#### Line 5 -

##### **Interest on U.S. Government Obligations**

If you report interest on bonds, notes, and other obligations of the U.S. on your Federal return, it may be excluded from your Oklahoma income if a detailed schedule is furnished, accompanied with 1099s showing the amount of interest income and the name of the obligation from which the interest is earned. If the income is from a mutual fund which invests in government obligations, enclose documentation from the mutual fund to substantiate the percentage of income derived from obligations exempt from Oklahoma tax. **Interest from entities such as FNMA & GNMA does not qualify.**

#### Line 6a - Other Interest

Accounts receivable interest income and interest income from investments held to generate working capital shall be allocated to Oklahoma on the basis of direct expense.

All other intangible income (loss) shall be allocated in accordance with the situs of the corporation.

#### Line 6b - State and Municipal Interest

Corporations domiciled in Oklahoma that receive income on bonds issued by any state or political subdivision thereof, exempt from Federal taxation

but not exempt from taxation by the laws of the State of Oklahoma, shall add the total of such income to arrive at Oklahoma income.

- 1) Income from all bonds, notes or other obligations issued by the State of Oklahoma, the Oklahoma Capital Improvement Authority, the Oklahoma Municipal Power Authority, the Oklahoma Student Loan Authority, and the Oklahoma Transportation Authority (formerly Turnpike Authority) is exempt from Oklahoma income tax. The profit from the sale of such bond, note or other obligations shall be free from taxation.
- 2) Income from local Oklahoma governmental obligations issued after July 1, 2001, other than those provided for in 1, is exempt from Oklahoma income tax. The exceptions are those obligations issued for the purpose of providing financing for projects for nonprofit corporations. Local governmental obligations shall include bonds or notes issued by, or on behalf of, or for the benefit of Oklahoma educational institutions, cities, towns, or counties or by public trusts of which any of the foregoing are beneficiary.
- 3) Income from Oklahoma State and Municipal Bonds issued prior to July 2, 2001, other than those provided for in 1, is exempt from Oklahoma income tax only if so provided by the statute authorizing their issuance.
- 4) Income on bonds issued by another state or political subdivision thereof (non-Oklahoma), exempt from Federal taxation, is taxable for Oklahoma income tax.

**Looking for a form that  
will do the math for you?**

**Check out Oklahoma Form 512 2-D  
on our website at [www.tax.ok.gov](http://www.tax.ok.gov).**

## LINE BY LINE INSTRUCTIONS

### PAGE TWO - SCHEDULE A, CONTINUED

Enclose a schedule of all municipal interest received by source and amount. If the income is from a mutual fund which invests in government obligations, enclose documentation from the mutual fund to substantiate the percentage of income derived from obligations exempt from Oklahoma tax.

Note: If the interest is exempt, the capital gain/loss from the sale of the bond may also be exempt. The gain/loss from sale of a state or municipal bond, other than those provided for in 1, is exempt only if so provided by the statute authorizing its issuance.

#### **Line 7 and 8 - Rents and Royalties**

Income from real or tangible personal property, lease royalty or bonus shall be allocated in accordance with the situs of the property.

#### **Line 9 - Gains or Losses**

Gains or losses from the sale of leases and gains or losses from the sale of real and tangible personal property, shall be allocated in accordance with the situs of the property.

#### **Line 12 through 26 - Expenses**

Expenses relative to the income above shall be allocated directly to that income.

## Electronic Checks Now Accepted Through Website

Paper checks are not your only option when paying your balance due. You may pay electronically from your checking account through our website.

Log on to [www.tax.ok.gov](http://www.tax.ok.gov) and visit the “**Payment Options**” link to view all your payment options.

Other tax types are also accepted through this payment system, including estimated tax payments.

### PAGE THREE - SCHEDULE B

Schedule B is to be used by corporations conducting a business of a unitary nature. A unitary business is one whose income is derived from the conduct in more than one state of a single business enterprise, all the factors of which are essential to the realization of an ultimate gain derived from the enterprise as a whole, and not from its component parts which are too closely connected and necessary to each other to justify division or separate allocation.

Generally the resulting amount is apportioned to Oklahoma based on the 3-factor formula. The basis of the apportionment is the arithmetical average of three factors consisting of property, payroll and sales. NOTE: FACTORS ARE NOT COMPUTED FROM THE CONSOLIDATED TOTALS. Each factor is a ratio of the total within Oklahoma to the total everywhere. For income apportioned to Oklahoma, there is to be added all income separately allocated to Oklahoma with the result being Oklahoma taxable income. Title 68 O.S. Section 2358.

#### **Line 1 - Federal Taxable Income**

Enter Net Taxable Income from Schedule A, Column A, line 30.

#### **Line 2 - Additions**

Deductions relating to income which is separately allocated shall not be allowed and will be entered here.

#### **Line 3 - Deductions**

Income from U.S. obligations (see page 8, Schedule A instructions) and net income separately allocated (oil and gas production, mining, farming, or rentals) will be entered here. Gains or losses from sale of intangible personal property which is directly allocated should also be entered here.

#### **Line 6 - Oklahoma Additions and Deductions**

Income separately allocated to Oklahoma should be entered here. (Examples: interest income from state obligations or political subdivisions, oil and gas production, mining, farming or rentals, etc.).

## LINE BY LINE INSTRUCTIONS

### PAGE THREE - SCHEDULE B, CONTINUED

#### Line 8 - Oklahoma Accrued Tax

Oklahoma accrued tax is computed by dividing line 7 (Oklahoma Net Income before Oklahoma Income Tax) by the number 17.6667.

When filing a consolidated return, complete Form 512-TI. The accrual of Oklahoma state income tax must be made after the combination of the income and loss from all companies included in the combination. The accrued tax cannot be less than zero.

When credits are allowed, the accrual of Oklahoma tax will not be allowed on the amount of Oklahoma taxable income that is covered by the credit. Tax accrual is allowed on the amount of income for which tax is actually paid. The following example shows how the accrual should be calculated. A schedule, such as the example to the right, should be enclosed and submitted with Form 512.

#### Computation of Tax Accrual When Tax Credits Are Allowable

1. Oklahoma income before tax accrual	100,000
2. Allowable Oklahoma credits	2,000

#### Computation of accrued tax allowed

A. Oklahoma income (Line 1 above)	100,000
B. Line 2 above divided by 6%	33,333
C. Subtract Line B from Line A	66,667
D. Divide Line C by 17.6667 (If Line D is less than 0, enter 0)	3,774
3. Subtract Line D from Line 1 above.	96,226

(Enter Line 3 above on Line 1, page 1 of your Oklahoma corporation income tax Form 512)

Total tax due	5,774
Tax accrual allowed	3,774
Tax credit allowed	2,000

### PAGE ONE

#### Line 3 - Oklahoma Investment Jobs Credit

Corporations engaged in manufacturing or are a web search portal (including partnership or Sub-S pass-through) who are entitled to Oklahoma Investment/New Jobs Credit see Form 506. (This credit has no relationship to Federal Investment Credit.) Title 68 O.S. Section 2357.4.

#### Line 4 - Gas Used in Manufacturing

A credit is available at the rate of three mills per thousand cubic feet of gas used or consumed during each taxable year when used in manufacturing. This shall not apply to the first twenty-five thousand MCF used or consumed. Title 68 O.S. Section 2357(C).

#### Line 5 - Credit for Biomedical Research Contribution

A credit is allowed to any taxpayer who makes a donation to a qualified independent biomedical research institute. The credit is 50% of the amount donated, but may not exceed \$1,000. Any credit allowed, but not used, will have a four year carryover provision. An "independent biomedical research institute" means an organization which is exempt from taxation under the Internal Revenue Code section 501(c)(3) whose primary focus is conducting peer-reviewed basic biomedical research. The

organization shall have a board of directors, be able to accept grants in its own name, be an identifiable institute that has its own employees and administrative staff, and receive at least \$15 million in National Institute of Health funding each year. A copy of the canceled check or receipt must be provided as proof of the donation. Title 68 O.S. Section 2357.45.

#### Line 6 - Other Credits

The amount of other credits as claimed on Form 511CR should be entered on this line. Enter in the box the number that corresponds with the credit to which you are entitled. Enter "99" if entitled to more than one credit. See below for a list of the credits available on Form 511CR. If you are claiming any of the credits on Form 511CR, enclose the form, and any applicable forms or schedules, with your Form 512 return.

The Form 511CR can be obtained by calling our forms request line at (405) 521-3108 or from our website at [www.tax.ok.gov](http://www.tax.ok.gov).

## LINE BY LINE INSTRUCTIONS

### PAGE ONE, CONTINUED

**Notice: Credits claimed on Form 512 may not be duplicated on Form 511CR and claimed as other credits, e.g. "Oklahoma Investment Jobs Credit".**

- Oklahoma Investment/New Jobs Credit  
Enclose Form 506.  
Title 68 O.S. Section 2357.4  
and Rule 710:50-15-74.
- Coal Credit  
Title 68 O.S. Section 2357.11  
and Rule 710:50-15-76.
- Credit for Energy Assistance Fund Contribution  
Title 68 O.S. Section 2357.6.
- Venture Capital Credit  
Title 68 O.S. Section 2357.7,8  
and Rule 710:50-15-77,78.
- Credit for Conversion of a Motor Vehicle to Clean Burning Fuels or for Investment in Qualified Electric Motor Vehicle Property  
Title 68, O.S. Section 2357.22  
and Rule 710:50-15-81.
- Credit for Hazardous Waste Disposal  
Title 27A O.S. Section 2-11-303  
and Rule 710:50-15-75.
- Credit for Qualified Recycling Facility  
Title 68 O.S. Section 2357.59  
and Rule 710:50-15-84.
- Small Business Capital Credit  
Enclose Form 527-A.  
Title 68 O.S. Section 2357.60 - 2357.65  
and Rule 710:50-15-86.
- Oklahoma Agricultural Producers Credit  
Enclose Form 520.  
Title 68 O.S. Section 2357.25  
and Rule 710:50-15-85.
- Small Business Guaranty Fee Credit  
Enclose Form 529.  
Title 68 O.S. Section 2357.30.
- Credit for Employers Providing Child Care Programs  
Title 68 O.S. Section 2357.26  
and Rule 710:50-15-91.
- Credit for Entities in the Business of Providing Child Care Services  
Title 68 O.S. Section 2357.27.
- Credit for Food Service Establishments that Pay for Hepatitis A Vaccination for their Employees  
Title 68 O.S. Section 2357.33.
- Credit for Commercial Space Industries  
Title 68 O.S. Section 2357.13.
- Credit for Nonstop Air Service from Oklahoma to the Coast  
Title 68 O.S. Section 2357.28.
- Credit for Tourism Development  
Title 68 O.S. Section 2357.34 - 2357.40.
- Oklahoma Local Development and Enterprise Zone Incentive Leverage Act Credit  
Title 68 O.S. Section 2357.81.
- Credit for Qualified Rehabilitation Expenditures  
Title 68 O.S. Section 2357.41  
and Rule 710:50-15-108.
- Credit for Space Transportation Vehicle Provider  
Title 68 O.S. Section 2357.42  
and Rule 710:50-15-93.
- Rural Small Business Capital Credit  
Enclose Form 526-A.  
Title 68 O.S. Section 2357.71 - 2357.76  
and Rule 710:50-15-87.
- Credit for Electricity Generated by Zero-Emission Facilities  
Title 68 O.S. Section 2357.32A.
- Credit for Financial Institutions Making Loans under the Rural Economic Development Loan Act  
Title 68 O.S. Section 2370.1.
- Credit for Manufacturers of Small Wind Turbines  
Title 68 O.S. Section 2357.32B  
and Rule 710:50-15-92.
- Credit for Qualified Ethanol Facilities  
Title 68 O.S. Section 2357.66  
and Rule 710:50-15-106.
- Poultry Litter Credit  
Title 68 O.S. Section 2357.100  
and Rule 710:50-15-95.
- Volunteer Firefighter Credit  
Enclose the Oklahoma State Firefighter Association's Form, Form 1A or Form 1B.  
Title 68 O.S. Section 2385.7  
and Rule 710:50-15-94.
- Credit for Qualified Biodiesel Facilities  
Title 68 O.S. Section 2357.67  
and Rule 710:50-15-98.
- Film or Music Project Credit  
Enclose Form 562.  
Title 68 O.S. Section 2357.101  
and Rule 710:50-15-101.
- Credit for Breeders of Specially Trained Canines  
Title 68 O.S. Section 2357.203  
and Rule 710:50-15-97.
- Credit for Wages Paid to an Injured Employee  
Title 68 O.S. Section 2357.47  
and Rule 710:50-15-107.
- Credit for Modification Expenses Paid for an Injured Employee  
Title 68 O.S. Section 2357.47  
and Rule 710:50-15-107.
- Dry Fire Hydrant Credit  
Title 68 O.S. Section 2357.102  
and Rule 710:50-15-99.
- Credit for the Construction of Energy Efficient Homes  
Title 68 O.S. Section 2357.46  
and Rule 710:50-15-104.
- Credit for Railroad Modernization  
Title 68 O.S. Section 2357.104  
and Rule 710:50-15-103.
- Research and Development New Jobs Credit  
Enclose Form 563.  
Title 68 O.S. Section 54006  
and Rule 710:50-15-105.
- Credit for Stafford Loan Origination Fee  
(available for banks and credit unions)  
Title 68 O.S. Section 2370.3.

## LINE BY LINE INSTRUCTIONS

PAGE ONE, CONTINUED

### Line 11 - Oklahoma Withholding

1. Enter the Oklahoma income tax withheld from your royalty payments.
2. Oklahoma income tax is withheld from distributions made by pass-through entities to nonresident members, unless such nonresident member has filed a withholding exemption affidavit (Form OW-15). If you are a nonresident member of a pass-through entity who has not filed an affidavit, Oklahoma income tax should have been withheld on distributions of Oklahoma taxable income. Enter the Oklahoma income tax withheld on your distribution.

Enclose the Form 500-A, Form 1099-MISC, Form 500-B, Form K-1 or other documentation to substantiate Oklahoma withholding.

### Line 15 -

**You have the opportunity to make a financial gift from your refund to a variety of Oklahoma organizations. Enter the amount of your donation and place the line number of the organization in the oval on line 15 of Form 512. If you give to more than one organization, put a "99" in the oval and attach a schedule showing how you would like your donation split.**

#### **1** Oklahoma Wildlife Diversity Program

The Oklahoma Wildlife Diversity Program is funded primarily by concerned Oklahomans. All donations provide for a variety of projects, including research on Texas horned lizards and other rare wildlife, wildlife observation activities such as winter Bald Eagle Tours and spring Watchable Wildlife Weekends, statewide educational workshops, informational brochures and posters, and management of a bat cave purchased with previous program donations.

If you are not receiving a refund, you may still donate. Mail your contribution to:

**Wildlife Diversity Program  
1801 North Lincoln  
Oklahoma City, OK 73105**

#### **2** Department of Veterans Affairs Contribution Fund

You may donate from your tax refund to help the Department of Veterans Affairs purchase equipment, develop capital improvement projects and to acquire properties for expanding or improving existing projects.

If you are not receiving a refund, you may still donate. Mail your contribution to:

**Department of Veterans Affairs  
PO Box 53067  
Oklahoma City, OK 73152**

#### **3** Oklahoma Breast and Cervical Cancer Fund

You may donate for the benefit of breast and cervical cancer early detection, public education and research. Your donation will be placed in a fund to be used for the purpose of funding programs to increase knowledge of breast and cervical cancer risk and prevention and to provide mammograms, pap tests and biopsies for low income women.

If you are not receiving a refund, you may still donate. Mail your contribution to:

**Oklahoma State Department of Health  
Breast and Cervical Cancer  
Revolving Fund  
1000 NE 10th St.  
Oklahoma City, OK 73152**

#### **4** Oklahoma School for the Deaf/ Oklahoma School for the Blind

The Oklahoma School for the Deaf and the Oklahoma School for the Blind provide free preschool through high school education programs for children with hearing or vision disabilities. The schools also provide advice for families of infants and preschoolers and consultation statewide to help local schools meet the educational needs of their students with these disabilities.

If you are not receiving a refund, you may still donate. Mail your contribution to:

**Oklahoma Department  
of Rehabilitation Services  
c/o OSD/OSB Donation  
3535 NW 58th Street, #500  
Oklahoma City, OK 73112-4815**

**5 Oklahoma Silver Haired Legislature and Alumni Association Programs**

You may donate from your tax refund for the benefit of Oklahoma Silver Haired Legislature and their Alumni Association activities. The Oklahoma Silver Haired Legislature was created in 1981 as a forum to educate senior citizens in the legislative process and to highlight the needs of older persons to the Oklahoma State Legislature. Monies generated from donations will be used to fund expenses of the Silver Haired Legislators, training sessions, interim studies and advocacy activities.

If you are not receiving a refund, you may still donate. Mail your contribution to:

**Oklahoma Silver Haired Legislature and Alumni  
c/o Division of Aging Services  
312 NE 28th Street  
Oklahoma City, OK 73105**

**6 Support of Oklahoma Common Schools**

You may donate from your tax refund for the benefit of Oklahoma common schools. Donations will be placed in a fund to be used by the Department of Education for the purpose of funding common education. Monies from the fund will be apportioned as and in the manner that state aid is provided to the common schools.

If you are not receiving a refund, you may still donate. Mail your contribution to:

**Oklahoma State Dept. of Education,  
c/o Support of Oklahoma Common Schools  
2500 N Lincoln Blvd., Suite 112  
Oklahoma City, OK 73105**

[www.tax.ok.gov](http://www.tax.ok.gov)

The Oklahoma Tax Commission's website is available 24/7 for all your tax needs.

For forms needs, you have the option of downloading forms, ordering them online, or obtaining phone numbers for automated orders and taxpayer representative orders.

**7 Support of Oklahoma Road and Highway Maintenance**

You may donate from your tax refund for the benefit of maintenance of Oklahoma's roads, highways and bridges. Donations will be placed in a fund to be used by the Department of Transportation (ODOT) for the purpose of funding road, highway and bridge maintenance.

If you are not receiving a refund, you may still donate. Mail your contribution to:

**Oklahoma Department of Transportation  
Attn: Comptroller Division  
200 NE 21st Street  
Oklahoma City, OK 73105**

**8 Support of Oklahoma Medicaid Program**

You may donate from your tax refund for the benefit of the Oklahoma Medicaid Program. The program provides health care to low-income children, pregnant women, elderly Oklahomans and people with disabilities. Your donation will be matched with federal Medicaid money. Every dollar donated will draw approximately \$2.40 in federal dollars. Donations will be placed in a fund to be used by the state Health Care Authority for the purpose of funding the Medicaid program.

If you are not receiving a refund, you may still donate. Mail your contribution to:

**OHCA  
PO Box 18276  
Oklahoma City, OK 73154**

**9 County Fair Enhancement Fund**

You may donate from your tax refund for the benefit of Oklahoma county fairs. Donations will be placed in the Oklahoma County Fair Enhancement Fund. Funds will be expended by the State Department of Agriculture, Food and Forestry to be used for construction, facility improvements, and payment of premiums at county fairs.

If you are not receiving a refund, you may still donate. Mail your contribution to:

**Oklahoma Department of Agriculture,  
Food and Forestry  
Market Development Division  
2800 North Lincoln Blvd.  
Oklahoma City, OK 73105**

**10 Junior Livestock Auction Scholarship Fund**

You may donate from your tax refund for the benefit of the State of Oklahoma Junior Livestock Auction Scholarship Revolving Fund. Monies from the fund may be budgeted and expended by the State Department of Agriculture, Food and Forestry for the purpose of helping fund educational opportunities for students exhibiting at the two statewide Junior Livestock Auctions which service the entire state and are held annually in Oklahoma City and Tulsa.

If you are not receiving a refund, you may still donate. Mail your contribution to:

**Oklahoma Department of Agriculture,  
Food and Forestry  
Market Development Division  
2800 North Lincoln Blvd.  
Oklahoma City, OK 73105**

**11 Support of Programs for Volunteers to Act as Court Appointed Special Advocates for Abused or Neglected Children**

You may donate from your tax refund to support programs for volunteers to act as Court Appointed Special Advocates for abused or neglected children. Donations will be placed in the Income Tax Check Off Revolving Fund for Court Appointed Special Advocates. Monies will be expended by the Office of the Attorney General for the purpose of providing recruitment, training, and supervision of the special advocates. All Court Appointed Special Advocate programs in the state shall receive a portion of this money.

If you are not receiving a refund, you may still donate. Mail your contribution to:

**Oklahoma CASA Association, Inc.  
PO Box 54946  
Oklahoma City, OK 73154**

**Electronic Payments**

Log on to [www.tax.ok.gov](http://www.tax.ok.gov) and visit the “**Payment Options**” link to make a payment electronically. All electronic payment methods provide you with a confirmation number and the peace of mind in knowing your payment was received.

**12 Oklahoma Pet Overpopulation Fund**

You may donate from your tax refund for the benefit of the Oklahoma Pet Overpopulation Fund. Monies placed in this fund will be expended by the Department of Agriculture, Food and Forestry for the purpose of developing educational programs on pet overpopulation and for implementing spay/neuter efforts in this state.

If you are not receiving a refund, you may still donate. Mail your contribution to:

**Oklahoma Department of Agriculture,  
Food and Forestry  
Animal Industry Division  
2800 North Lincoln Blvd.  
Oklahoma City, OK 73105**

**13 Support the Retirement of Capitol Dome Debt**

You have the opportunity to help retire the debt incurred in construction and completion of the Oklahoma State Capitol Dome. Anyone may donate to the Oklahoma Centennial Commission’s Fund to defray the dome construction cost.

If you are not receiving a refund, you may still donate. Mail your contribution to:

**Oklahoma Centennial  
Commemoration Fund, Inc.  
133 W Main Street, Suite 100  
Oklahoma City, OK 73102**

**14 Support of the Oklahoma National Guard**

You have the opportunity to donate from your tax refund for the benefit of providing financial relief to qualified members of the Oklahoma National Guard and their families. Donations will be placed in the Income Tax Check Off Revolving Fund for the Support of the Oklahoma National Guard Relief Program. Monies, to assist Oklahoma National Guard members and their families with approved hardship expenses, will be expended by the Military Department.

If you are not receiving a refund, you may still donate. Please mail your contribution to:

**Operation Homefront Task Force  
3501 Military Circle  
Oklahoma City, OK 73111-4398**

## LINE BY LINE INSTRUCTIONS

PAGE ONE, CONTINUED

### **15** Oklahoma Leukemia and Lymphoma Fund

You have the opportunity to donate from your tax refund for the benefit of the Oklahoma Leukemia and Lymphoma Revolving Fund. Monies from the fund will be used by the State Department of Health for the purpose of supporting voluntary health agencies dedicated to curing Leukemia, Lymphoma, Hodgkin's Disease, and Myeloma and to improving the quality of life of patients and their families.

If you are not receiving a refund, you may still donate. Mail your contribution to:

**State Department of Health  
Oklahoma Leukemia and Lymphoma  
Revolving Fund - 228  
PO Box 268823  
Oklahoma City, OK 73152-8823**

### **Line 19 - Underpayment of Estimated Tax Interest**

All corporations are required to make estimated tax payments if the tax liability is \$500 or more. To avoid the 20% Underpayment of Estimated Tax Interest, timely filed estimated tax payments are required to be equal to the smaller of 70% of the current year tax liability **or** 100% of your prior year tax. The tax liability is the tax due less all credits except amounts paid on estimated tax and extension payments.

**Note:** No Underpayment of Estimated Tax Interest shall be imposed if the tax liability shown on the return is less than \$1,000. Enclose Form OW-8-P.

### **Line 20 - Delinquent Penalty and Interest**

Interest at the rate of 1 1/4% per month shall be paid on the tax due from the original due date until paid. 90% of the tax liability must be paid by the original due date of the return to avoid a delinquent penalty charge of 5% for late payment.

## WHEN YOU ARE FINISHED...

- In the event that you owe taxes, please enclose a check or money order payable to "Oklahoma Tax Commission". The taxpayer identification number and the tax year should be on your check or money order for your payment to be properly credited.
- Payments may also be made electronically online. Visit our website for more information at [www.tax.ok.gov](http://www.tax.ok.gov).
- When complete, make copies of all the documents for your records.
- Do not enclose any correspondence other than those documents and schedules required for your return.
- For proper account application, please do not enclose any estimated payments and/or vouchers with this return. Mail 2008 estimated payments separately.
- Return must be signed.

- Please mail the originals, along with any payment due, to:

**Oklahoma Tax Commission  
Income Tax  
PO Box 26800  
Oklahoma City, OK 73126-0800**

### **Want a Form that Does the Math?**

The Oklahoma Tax Commission has just the form for you. Visit our website at [www.tax.ok.gov](http://www.tax.ok.gov). Download the "2-D Calculating Form 512" from the income tax forms area of the website.

As you fill in your form on your computer screen, this form will be doing the calculating for you. Once finished, simply print out two copies before closing the document. Mail one to the OTC and keep the other for your files.

By using this form type, your return will have a 2-D barcode at the top and will be processed faster. Faster processing means a faster refund to you.

## HOW TO CONTACT THE OKLAHOMA TAX COMMISSION

Whether you need a tax form,  
have a question or need further information,  
there are many ways to reach us.

### VISIT US ON THE WEB!

You'll find a wealth of information on our web-site, including downloadable tax forms, answers to common questions, and online filing options for both income and business taxes!

[www.tax.ok.gov](http://www.tax.ok.gov)

### OFFICE LOCATIONS!

**Oklahoma City** • (405) 521-3160

2501 North Lincoln Boulevard

**Tulsa** • (918) 581-2399

440 South Houston, 5th Floor

**Ardmore** • (580) 226-4636

301 West Main, Suite 316

**Lawton** • (580) 248-8440

1602 NW Lawton Ave., Suite B

### GIVE US A CALL!

The Oklahoma Tax Commission can be reached at (405) 521-3160.

The in-state toll free number is (800) 522-8165.

Press "0" to speak to a representative. Also see the box to the left for field office phone numbers.

The Oklahoma Tax Commission is not required to give actual notice to taxpayers of changes in any state tax law.



This State of Oklahoma income tax packet and form are printed on recycled papers.

Oklahoma Tax Commission  
Income Tax  
PO Box 26800  
Oklahoma City, OK 73126-0800

Bulk Rate  
U.S. Postage Paid  
Oklahoma Tax Commission



Schedule A, Column B is for corporations whose income is all within Oklahoma and/or for corporations whose income is partly within and partly without Oklahoma (not unitary). Enclose a complete copy of your Federal return.



SCHEDULE A

Important: All applicable lines and schedules must be filled in.

Table with 3 columns: Line Number, Description, Column A (As reported on Federal Return), and Column B (Total applicable to Oklahoma). Rows include Gross Income (lines 1-11), Deductions (lines 12-27), and Totals (lines 28-30).

Note: Indicate method used to allocate expenses to Oklahoma and enclose schedule of computations.

Oklahoma Depletion in Lieu of Federal Depletion

Oklahoma depletion on oil and gas may be computed at 22 % of gross income derived from each Oklahoma property during the taxable year. Major oil companies, as defined in Title 52 O.S. Section 288.2, when computing Oklahoma depletion shall be limited to 50% of the net income (computed without the allowance for depletion) from each property. Note: Depletion schedule by property must be enclosed with return.

Location of Principal Accounting Records

Address \_\_\_\_\_ City \_\_\_\_\_ State \_\_\_\_\_ Zip \_\_\_\_\_

Has the Internal Revenue Service redetermined your tax liability for prior years?  Yes  No What years? \_\_\_\_\_

Has the statute of limitations been extended by consent for any prior years?  Yes  No What years? \_\_\_\_\_

Did you file amended returns for the years stated above?  Yes  No

Business name and principal locations in Oklahoma \_\_\_\_\_

Date of incorporation \_\_\_\_\_ Date business began in Oklahoma \_\_\_\_\_

Give name, address and relationship of all affiliated corporations - enclose Federal Form 851

Blank lines for providing information about affiliated corporations.





