

1999

• FORM 512



OKLAHOMA CORPORATE INCOME TAX FORMS AND INSTRUCTIONS

This packet includes:

- Instructions for completing the Form 512
- Two 512 corporation income tax forms
- One return envelope

Filing date:

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



OKLAHOMA TAX COMMISSION

2501 North Lincoln Boulevard
Oklahoma City, Oklahoma 73194

For information regarding assistance with your tax return, please see page eight. **Oklahoma Tax Commission**

Income Tax



1999 OKLAHOMA CORPORATE INCOME TAX

Dear Oklahoma Taxpayer,

Enclosed within this booklet is the Form 512: Oklahoma Corporation Income Tax Return, instructions and a return envelope. If you need a different or additional form, please contact us in one of the ways listed on page seven.

If you have any questions about filing your Oklahoma corporation income tax return, please call one of our Corporate Representatives at **(405) 521-3126**. Our **Taxpayer Assistance Division**, available at all of our locations, is also ready to assist you with your tax needs. Also, be sure and visit our web site next time you are online. Many common tax questions can be answered on our site. Our web address is **www.oktax.state.ok.us** and e-mail options are also available on our site.

Sincerely,

Robert E. Anderson, Chairman
Oklahoma Tax Commission

1999 FORM 512: 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, P.O. 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 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 Federal due date).

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 and 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. Report combined taxable income on page 1 of Form 512. Submit a separate Schedule A or Schedule B for each company within the consolidation.

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

1999 FORM 512: GENERAL FILING INFORMATION

DECLARATION OF ESTIMATED TAX...

Corporations must file a declaration when the tax for the taxable year can be reasonably expected to exceed \$500.00. The declaration is to be filed on or before the 15th day of the fourth month of the current taxable year. At the election of the taxpayer, estimated payments may be made in equal installments of: 1/4 at the time of filing the declaration, 1/4 on or before the 15th day of the sixth month, 1/4 on or before the 15th day of the ninth month, and 1/4 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.

Taxpayers whose Oklahoma taxable income was at least one million dollars (\$1,000,000) in one of the three preceding taxable years may use the annualized method as described in Oklahoma Tax Commission rule 710:50-13-9.

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

ADJUSTMENTS BY INTERNAL REVENUE SERVICE...

Taxpayers who file "consents" extending the time for making Federal adjustments automatically extend the time for making State adjustments. Also, the taxpayer is required to file an amended return reporting all Internal Revenue Agents' adjustments. A copy of the finalized RAR must be furnished.

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 amount claimed as a refund on an amended return may not be credited to your estimated tax, but will be refunded. The overpayment applied to estimated tax on your original returns cannot be adjusted.

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.

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.

PAY YOUR TAXES ELECTRONICALLY...

The Oklahoma Tax Commission has initiated an Electronic Funds Transfer Program enabling taxpayers to pay certain taxes, including corporate income tax, through Electronic Funds Transfer (EFT). You can request an informational booklet by writing to:

**Voluntary Electronic Funds Transfer Processing
Oklahoma Tax Commission
P.O. Box 53248
Oklahoma City, OK 73152-3248**

You may also reach us by telephone at **(405) 522-0214**, by e-mail at elecfilling@oktax.state.ok.us, and we have established a link on our web page that you can access at www.oktax.state.ok.us.

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.



DON'T FORGET!
**IF YOU HAVE ANY QUESTIONS
ABOUT YOUR RETURN,
JUST GIVE US A CALL.
SEE PAGE 7 FOR DETAILS.**

1999 FORM 512: GENERAL FILING INFORMATION

OKLAHOMA NET OPERATING LOSS DEDUCTION...

NOTICE: THE AMOUNT OF ANY NET OPERATING LOSS CLAIMED ON SCHEDULE A, LINE 29 (a) OR SCHEDULE B, LINE 6 (d) 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. Effective for all tax years beginning after December 31, 1995, Net Operating Losses may be carried forward for a period of time not to exceed fifteen (15) years.* Title 68 O.S. Supp.1993 Section 2358 (A) (3).

A carryforward detail schedule must be furnished. **A 1999 Net Operating Loss may not be carried back.**

**Note: A net operating loss that is a result of the May 3, 1999 tornado may be carried back in accordance with the provisions contained in the Internal Revenue Code.*

1999 FORM 512: 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.

PAGE TWO - SCHEDULE A

Schedule A is to be used by all corporations domiciled 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 or 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 1099's showing the amount of interest income and the name of the obligation from which the interest is

earned. If the interest is from a mutual fund which invests in government obligations, enclose a detailed schedule from the mutual fund showing the amount of monies received from each obligation or the percentage of funds received from each obligation. 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 who 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. Income from Oklahoma municipal bonds is exempt only if so provided by the statute authorizing their issuance. All out of state municipals are taxable.

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.

1999 FORM 512: LINE BY LINE INSTRUCTIONS

Line 12 through 26 - Expenses

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

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. To the 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 Federal return.

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 Two, 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 (interest income from state obligations or political subdivisions, oil and gas production, mining, farming or rentals, etc.).

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, 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 below, 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 | 3,774 |
| (If Line D is less than 0, enter 0) | |

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 (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 Hazardous Waste Control

Enclose verification certificate from the Oklahoma Department of Environmental Quality. Credit is limited to 20% of amount certified or actual cost, whichever is less. Title 27A O.S. 1987 Section 2-11-303.

Line 6 - Other Credits

The amount of other credits as claimed on Form 511-CR should be entered on this line i.e. Coal Credit, Credit for Energy Assistance Fund, Venture Capital Investment Credit, Credit for Conversion of Vehicles to Clean Burning Fuels, Qualified Recycling Facility Credit, and Solar Energy Credit and Small Business Capital Credit.

1999 FORM 512: LINE BY LINE INSTRUCTIONS

NOTICE: CREDITS CLAIMED ON FORM 512 MAY NOT BE DUPLICATED ON FORM 511-CR AND CLAIMED AS OTHER CREDITS, i.e. HAZARDOUS WASTE CONTROL.

- **COAL CREDIT**

The Coal credit is available to corporations providing water, heat, light or power from coal to the citizens or state of Oklahoma or burn coal to generate heat, light or power for use in manufacturing operations in Oklahoma. See Title 45 O.S. Section 939, Title 68 O.S. Supp. 1996. Section 2357.11 and Rule 710:50-15-76.

- **CREDIT FOR ENERGY ASSISTANCE FUND CONTRIBUTION**

Any corporation contributing monies to the Oklahoma Energy Conservation Assistance Fund is entitled to a non-refundable income tax credit against its State Corporate Income Tax liability of 50% of the amount contributed for the taxable year in which it was made. This credit may not be carried forward or back. A copy of your canceled check or receipt must be enclosed with your return. Title 68 O.S. Section 2357.6.

- **VENTURE CAPITAL CREDIT**

No investor in a Venture Capital Company organized after July 1, 1992, may claim tax credits under the provisions of this section. Title 68, O.S. Section 2357.7,8.

- **CREDIT FOR CONVERSION OF A MOTOR VEHICLE TO CLEAN BURNING FUELS OR INVESTMENTS IN QUALIFIED ELECTRIC MOTOR VEHICLE PROPERTY**

There shall be a one time credit allowed for the conversion of a vehicle which is propelled by gasoline or diesel to being propelled by compressed natural gas, liquefied natural gas, liquefied petroleum gas, methanol, or M-85, and for investments in qualified electric property. The credit shall be 50% of the cost of qualified clean-burning motor fuel property or qualified electric motor vehicle property as defined in O.S. Title 68, Supp. 1996, Section 2357.22. The term "qualified electric motor vehicle property" shall not apply to vehicles which are manufactured principally for use off the streets and highways. In the case where such clean-burning equipment or qualified electric motor vehicle property is installed by the manufacturer of the vehicle and the taxpayer is unable or elects not to determine the exact basis of such equipment, the credit shall be the lesser of 10% of the cost of the vehicle or \$1,500. If all of the credit is not used, in the year of conversion, it may be carried over for a period not to exceed three years. A copy of a paid invoice itemizing the cost of equipment and installation must be furnished when the credit is claimed on Form 511-CR.

- **CREDIT FOR QUALIFIED RECYCLING FACILITY**
Any person who invests in a new qualified recycling facility, the total cost of which exceeds \$20,000,000 and employs at least 75 full-time-equivalent employees, shall be allowed a credit of 15% of the investment cost. Title 68 O.S. Section 2357.59.

- **SOLAR ENERGY CREDIT WIND OR PHOTOVOLTAIC ENERGY SYSTEMS**

This credit is limited to Wind or Photovoltaic Systems installed after December 31, 1992. Credit for 1998 is limited to the carryover only of this credit claimed and allowed in prior years. Title 68 O.S. Section. 2357.32. Enclose Form 508.

- **SMALL BUSINESS CAPITAL CREDIT**

There shall be allowed a credit equal to 20% of the cash invested in, or in conjunction with, a qualified Small Business Capital Company. Title 68, O.S. Section 2357.60 - 2357.65. Enclose Form 527-A.

- **OKLAHOMA AGRICULTURAL PRODUCERS CREDIT**

Effective November 1, 1998, there shall be allowed a credit equal to 30% of the amount directly invested in Oklahoma producer-owned agricultural processing cooperatives, ventures or marketing associations by Oklahoma agricultural producers. Title 68, O.S. Section 2357.25. Enclose Form 520.

- **SMALL BUSINESS GUARANTY FEE CREDIT**

Every small business operating within this state shall be entitled to claim as a credit any amount paid to the U.S. Small Business Administration as a guaranty fee pursuant to the obtaining of financing guaranteed by the Small Business Administration. Please enclose Form 529. Title 68 O.S. Section 2357.30.

- **CREDIT FOR EMPLOYERS PROVIDING CHILD CARE PROGRAMS**

Employers providing accredited child care programs for the children of their employees will be allowed a 20% credit for the amount paid to provide such programs. The credit will not be allowed for any amount for which the employee claims or receives an income tax credit, exemption or deduction. Any credit allowed but not used will have a 4-year carryover provision. Title 68 O.S. Section 2357.26.

- **CREDIT FOR ENTITIES IN THE BUSINESS OF PROVIDING CHILD CARE SERVICES**

Entities primarily engaged in the business of providing child care services will be allowed a 20% credit for eligible expenses. Eligible expenses are amounts incurred to comply with the

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standards promulgated by a national accrediting association recognized by the Department of Human Services and which would not have been incurred to comply with the Oklahoma Child Care Facilities Licensing Act. The credit will not be allowed for any amounts for which the entity claims or receives an income tax credit, exemption or deduction. Any credit allowed but not used will have a 4-year carryover provision. Title 68 O.S. Section 2357.27.

Line 12 - Oklahoma Wildlife Diversity Program

The Oklahoma Wildlife Diversity Program (formerly Nongame Wildlife 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 support Oklahoma wildlife by sending a donation to:

**Wildlife Diversity Program
1801 N. Lincoln
Oklahoma City, OK 73105**

Line 13 - Department of Veterans Affairs Contribution

You may donate from your tax refund to help the

Department of Veterans Affairs to purchase equipment, develop capital improvement projects and to acquire properties for expanding or improving existing projects.

Line 14 - Oklahoma Breast Cancer Research Contribution

If you wish to donate from your tax refund for Oklahoma Breast Cancer Research, enter the amount on line 14. The donation will be forwarded to the State Department of Health.

Line 18 - Estimated Tax Penalty and Interest

All corporations are required to make estimated tax payments when the tax for the taxable year can reasonably be expected to be \$500 or more. The estimated tax payments shall be not less than 70% of the amount of tax liability, (tax due less all credits except amounts paid on estimated tax and extension payments) or 100% of the prior years tax liability. Should deficiencies occur, the amount of the underpayment shall be subject to penalty and interest at an annual rate of 20%, or fraction thereof, for the period of underpayment. (Enclose Form OW-8-P.)

Line 19 - Delinquent Penalty and Interest

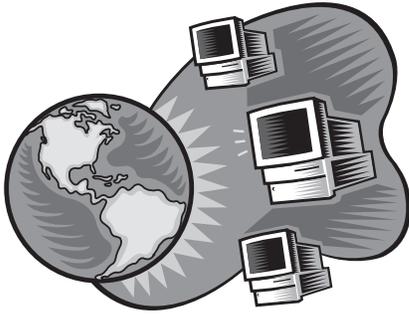
Interest at the rate of 1 1/4% per month shall be paid on the tax due from the original due date until paid. 90% of the tax liability must be paid by the original due date of the return to avoid a delinquent penalty charge of 5% for late payment.

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.
- When complete, make copies of all the documents for your records.
- Do not enclose any other tax reports or correspondence in this envelope.
- Return must be signed.
- If for some reason you do not have a pre-addressed return envelope, please mail the originals, along with any payment due, to:

**Oklahoma Tax Commission
Income Tax
P.O. Box 26800
Oklahoma City, OK 73126-0800**

NEED ASSISTANCE? HOW TO REACH US...



VISIT US ON THE WEB!

Downloadable forms, answers to common questions, and a variety of other tax information is available on our web site.

You can even e-mail us from any location on our site.

Direct e-mails should be sent to: otcmaster@oktax.state.ok.us Our web site address is www.oktax.state.ok.us.

ASSISTANCE IS AROUND THE CORNER ... COME SEE US!

Oklahoma City: 2501 North Lincoln Boulevard (405) 521-3160

Oklahoma City: Sheperd Mall, NW 23rd and Villa (405) 522-0789

Tulsa: 440 South Houston, 5th Floor (918) 581-2399

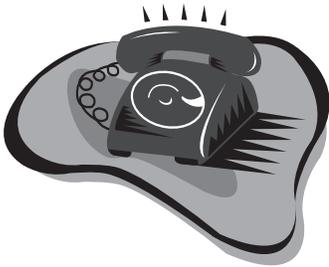
Ardmore: 301 West Main, Suite 316 (580) 226-4636

Lawton: 1602 NW Lawton Ave., Suite B (580) 248-8440

McAlester: 1533 South Main (918) 426-0777



Whether you need a tax form, have a question or need further information, there are many ways to reach us. The opportunities for assistance are just a phone call away or even right around the corner!



CALL US!

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

Corporate income tax questions can be directed to (405) 521-3126.

If you would like to request a form be mailed to you, please call our forms line at (405) 521-3108. The in-state toll free number is (800) 522-8165, extension 1-3160 for general assistance, extension 1-3126 for corporate income tax assistance, and extension 1-3108 for forms orders.

FAXBACK SERVICE!

From individual and corporate income tax forms to common business tax forms, and everything in between, they are all available 24 hours a day, seven days a week from the Oklahoma Tax Commission's FaxBack system.

Just call (405) 522-0465. Your requested forms will arrive shortly.



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

Oklahoma Tax Commission
Income Tax
2501 North Lincoln Boulevard
Oklahoma City, OK 73194-0009

Bulk Rate
U.S. Postage Paid
Oklahoma City, OK 73194
Permit Number 548
Pre-Sorted

SCHEDULE A

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

| IMPORTANT -- | | All applicable lines and schedules must be filled in. | | COLUMN A As Reported in Federal Return | COLUMN B Total Applicable to Oklahoma |
|--|----|--|-----|--|---|
| G R O S S | 1 | Gross receipts or gross sales _____ Less: Returns and allowances | 1 | | |
| | 2 | Less: Cost of goods sold | 2 | | |
| | 3 | Gross profit (Line 1 less line 2) | 3 | | |
| | 4 | Dividends | 4 | | |
| | 5 | Interest on obligations of the United States and U.S. Instrumentalities | 5 | | |
| | 6 | (a) Other interest | 6 a | | |
| | 7 | (b) Municipal interest | 6 b | | |
| | 8 | Gross rents | 7 | | |
| | 9 | Gross royalties | 8 | | |
| | 10 | (a) Net capital gains | 9 a | | |
| | 11 | (b) Ordinary gain or (loss) | 9 b | | |
| I N C O M E | 10 | Other income (Enclose schedule) | 10 | | |
| | 11 | Total Income-Add lines 3 through 10 | 11 | | |
| | 12 | Compensation of officers | 12 | | |
| | 13 | Salaries and wages | 13 | | |
| | 14 | Repairs | 14 | | |
| | 15 | Bad debts | 15 | | |
| | 16 | Rents | 16 | | |
| | 17 | Taxes | 17 | | |
| | 18 | Interest | 18 | | |
| | 19 | Contributions | 19 | | |
| | 20 | Amortization | 20 | | |
| D E D U C T I O N S | 21 | Depreciation | 21 | | |
| | 22 | Depletion (See instructions below) | 22 | | |
| | 23 | Advertising | 23 | | |
| | 24 | Pension, profit-sharing plans, etc. | 24 | | |
| | 25 | Employee benefit programs | 25 | | |
| | 26 | Other deductions (Enclose schedule) | 26 | | |
| | 27 | Total Deductions-Add lines 12 through 26 | 27 | | |
| | 28 | Taxable income before net operating loss deductions and special deductions | 28 | | |
| | 29 | Less: (a) Net operating loss deduction (schedule) 29(a) | 29 | | |
| | 30 | (b) Special deductions 29(b) | 30 | | |
| | 30 | Taxable income (Line 28 less line 29a & b)(Enter on line 1, page 1) | 30 | | |

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

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 twenty-two percent (22%) of gross income derived from each Oklahoma property during the taxable year. Major oil companies, as defined in Section 288.2 of Title 52 of the Oklahoma Statutes, when computing Oklahoma depletion shall be limited to fifty percent (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? _____ What years? _____

Has the statute of limitations been extended by consent for any prior years? _____ What years? _____

Furnish (under separate cover) copies of all finalized RAR'S.

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

| NAME | ADDRESS | RELATIONSHIP |
|-------|---------|--------------|
| _____ | _____ | _____ |
| _____ | _____ | _____ |
| _____ | _____ | _____ |

SCHEDULE B

Computation of Oklahoma taxable income of a unitary enterprise [Section 2358(A) (5)]

| | | | |
|---|----|----|--|
| 1. Net taxable income per federal return | | \$ | |
| 2. Add: | | | |
| a. Taxes based on income | \$ | | |
| b. Federal net operating loss deduction | | | |
| c. Unallowable deduction (enclose schedule) | | | |
| d. | | | |
| e. | | \$ | |
| 3. Deduct all items separately allocated | | | |
| a. | \$ | | |
| b. | | | |
| c. | | | |
| d. | | | |
| e. | | \$ | |
| Items listed in 2 and 3 above must be net amounts supported by schedules showing source, location, expenses, etc. | | | |
| 4. Net apportionable income | | \$ | |
| 5. Oklahoma's portion thereof _____ %, from schedule below | | \$ | |
| 6. Add or deduct items separately allocated to Oklahoma (enclose schedules) | | | |
| a. | \$ | | |
| b. | | | |
| c. | | | |
| d. Oklahoma net operating loss deduction (enclose schedule) | | | |
| 7. Oklahoma net income before tax (add lines 5 and 6) | | \$ | |
| 8. Oklahoma accrued tax (see instructions) | | \$ | |
| 9. Oklahoma taxable income, line 7 less line 8. (enter on line 1, page 1) | | \$ | |

NOTE: Enclose a complete copy of your federal return

APPORTIONMENT FORMULA

| | TOTAL WITHIN OKLAHOMA (A) | TOTAL WITHIN AND WITHOUT OKLAHOMA (B) | PERCENT WITHIN OKLAHOMA (A) ÷ (B) |
|---|---------------------------|---------------------------------------|-----------------------------------|
| 1. Value of real and tangible personal property used in the unitary business (by averaging the values at the beginning and ending of the tax period): | | | |
| a. Owned property (at original cost): | | | |
| Inventories | | | |
| Depreciable Property | | | |
| Land | | | |
| Total of section a | | | |
| b. Rented property (capitalize at 8 times net rental paid) | | | |
| TOTAL of sections a and b above | \$ | \$ | % |
| 2. Payroll: | | | |
| Less - Officers salaries | | | |
| TOTAL | \$ | \$ | % |
| 3. Sales: | | | |
| a. Sales delivered or shipped to Oklahoma purchasers: | | | |
| (1) Shipped from outside Oklahoma | | | |
| (2) Shipped from within Oklahoma | | | |
| b. Sales shipped from Oklahoma to: | | | |
| (1) The United States Government | | | |
| (2) Purchasers in a state or country where the corporation is not taxable (e.g. under Public Law 86-272) | | | |
| TOTAL | \$ | \$ | % |
| If Revenue or Traffic Units or Miles Traveled is used rather than Sales, so indicate in this space _____ | | | |
| Total percent (Sum of items 1, 2 and 3) | | | % |
| Average percent (1/3 of total percent) (Carry to line 5 Schedule B) | | | % |

BALANCE SHEETS

| | Beginning of taxable year | | End of taxable year | |
|---|---------------------------|----------------|---------------------|----------------|
| | (A) Amount | (B) Total | (C) Amount | (D) Total |
| 1. Cash | | | | |
| 2. Trade notes and accounts receivable | | | | |
| (a) Less allowance for bad debts | | | | |
| 3. Inventories | | | | |
| 4. Gov't obligations:(a) U.S. and instrumentalities | | | | |
| (b) State, subdivisions thereof, etc. | | | | |
| 5. Other current assets (enclose schedule) | | | | |
| 6. Loans to shareholders | | | | |
| 7. Mortgage and real estate loans | | | | |
| 8. Other investments (enclose schedule) | | | | |
| 9. Buildings and other fixed depreciable assets ... | | | | |
| (a) Less accumulated depreciation | | | | |
| 10. Depletable assets | | | | |
| (a) Less accumulated depletion | | | | |
| 11. Land (net of any amortization) | | | | |
| 12. Intangible assets (amortizable only) | | | | |
| (a) Less accumulated amortization | | | | |
| 13. Other assets (enclose schedule) | | | | |
| 14. Total assets | | | | |
| 15. Accounts payable | | | | |
| 16. Mtgs., notes, bonds payable in less than 1 year | | | | |
| 17. Other current liabilities (enclose schedule) | | | | |
| 18. Loans from stockholders | | | | |
| 19. Mtgs., notes bonds payable in 1 year or more | | | | |
| 20. Other liabilities (Enclose schedule) | | | | |
| 21. Capital stock: (a) Preferred stock | | | | |
| (b) Common stock | | | | |
| 22. Paid-in or capital surplus (enclose reconciliation) ... | | | | |
| 23. Retained earnings-appropriated (enclose Sch.) ... | | | | |
| 24. Retained earnings-unappropriated | | | | |
| 25. Adjustments to shareholder's equity (attach schedule) ... | | | | |
| 26. Less cost of treasury stock | | () | | () |
| 27. Total liabilities and stockholders equity | | | | |

RECONCILIATION OF INCOME PER BOOKS WITH INCOME PER RETURN

| | |
|---|--|
| 1. Net income per books | |
| 2. Federal income tax | |
| 3. Excess of capital losses over capital gains | |
| 4. Taxable income not recorded on books this year (enclose schedule) | |
| 5. Expenses recorded on books this year not deducted in this return (Enclose schedule) | |
| (a) Depreciation \$ _____ | |
| (b) Depletion \$ _____ | |
| 6. Total of lines 1 through 5 | |
| 7. Income recorded on books this year not included in this return (enclose schedule) | |
| (a) Tax-exempt interest \$ _____ | |
| 8. Deductions in this tax return not charged against book income this year (enclose schedule) | |
| (a) Depreciation \$ _____ | |
| (b) Depletion \$ _____ | |
| 9. Total of lines 7 and 8 | |
| 10. Net Income-line 6 less line 9 | |

ANALYSIS OF UNAPPROPRIATED RETAINED EARNINGS PER BOOKS (LINE 24 ABOVE)

| | |
|--|--|
| 1. Balance at beginning of year | |
| 2. Net income per books | |
| 3. Other increases (enclose schedule) | |
| 4. Total of lines 1, 2 and 3 | |
| 5. Distributions: (a) Cash | |
| (b) Stock | |
| (c) Property | |
| 6. Other decreases (enclose schedule) | |
| 7. Total of lines 5 and 6 | |
| 8. Balance at end of year (line 4 less line 7) | |