



2002 Oklahoma Small Business Corporate Income Tax Forms and Instructions

Packet contains:

- Instructions for completing the Form 512-S
- Two 512-S small business corporation income tax forms
- Two 512-SA nonresident shareholder agreement income tax forms
- One return envelope

Filing date:

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

Need assistance or have a tax question?

- Phone, fax, e-mail, web or in-person, there are many ways to reach us!

Check out page 8 for all the options!

Looking for a
better way to
file your business
taxes?
See page 4 for
information on
QuickTax!



Business Tax Filing System

*Because You Didn't
Go into Business
to File Tax Forms...*



What's New in the 2002 Oklahoma Tax Booklet?

- The Oklahoma return has been re-arranged. The same information is reportable; however the parts are completed in a different order.
- You can make a donation to the Oklahoma School for the Blind and the Oklahoma School for the Deaf. For more information see the instructions for line 19 on page 7.
- Interest from Oklahoma municipal bonds may be exempt. For more information see the instructions for Line 4b on page 5.
- Employers incurring expenses to provide Oklahoma child care services for children of their employees may be allowed a credit and therefore also make a corresponding adjustment to income. The Credit for Employers Providing Child Care Programs is claimed on Form 511CR. See page 6 for information on how to obtain the Form 511CR. For information on the corresponding adjustment to income see "Employers Providing Child Care Programs for their Employees" on page 4.

2002 Form 512S: General Filing Information

Who Must File

All corporations having an election in effect under Subchapter S of the Internal Revenue Code engaged in business or deriving income from property located in Oklahoma and required to file a Federal income tax return using Form 1120-S, must file a return on Form 512-S. Do not use Form 512.

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.

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).

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.

Agricultural Commodity Processing Facility Exclusion

Owners of agricultural commodity processing facilities may exclude fifteen percent (15%) of their investment 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 the shareholder's taxable income below zero. In the event the exclusion does exceed income, any unused portion may be carried over for a period not to exceed six (6) years.

Attach a separate schedule showing the type of investment(s), the date placed in service, the cost, the total exclusion and the exclusion available for each shareholder. Do not include this exclusion in the Oklahoma distributive income; each shareholder shall report his/her allowable share of the exclusion on the designated line of their individual return. For a nonresident who does not file a nonresident agreement, include the shareholder's allowable share in Part 5, column 8.

Pay your Balance Due by Credit Card

Pay your income tax balance due by Visa, MasterCard, American Express or Discover.

Online at www.oktax.state.ok.us or by phone at toll-free

1-800-2PAY-TAX

Please keep in mind that there is a convenience fee of 2.5% charged for utilizing this service, based on the amount of the charged balance due. For more information regarding this service, please visit our web site at www.oktax.state.ok.us.

Oklahoma Depletion In Lieu of Federal Depletion

Oklahoma depletion on oil and gas well production, at the option of the taxpayer, may be computed at 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 50% of the net income (computed without the allowance for depletion) from each property. Any depletion deduction allowable is the amount so computed minus Federal depletion claimed. If Oklahoma options are exercised, the Federal depletion not used due to 65% limit may not be carried over. Lease bonus received is considered income subject to depletion. If depletion is claimed on a lease bonus and no income is received as a result of non-producing properties, upon expiration of the lease, such depletion must be restored. A complete schedule by property must be furnished.

Underpayment of Estimated Tax Interest

All S corporations, which are paying tax at the corporate level, 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 due, (tax liability less all credits except amounts paid on estimated tax and extension payments) or 100% of the prior year's tax liability. Should deficiencies occur, the amount of underpayment shall be subject to interest at an annual rate of 20%, or fraction thereof, for the period of underpayment. (Enclose Form OW-8-P.)

Note: No underpayment of estimated tax interest shall be imposed if the tax liability shown on the return is less than \$1,000.

Amended Returns

Use Form 512-S for all amended returns. Place an X in the space provided, in the upper right hand corner of the form, next to the form number (512-S X). Enclose Federal Amended Form 1120-S when applicable.

When amending Form 512-S for S Corporations which are paying tax at the corporate level, line 9 (tax paid on 2002 estimate) must be adjusted by subtracting previous overpayments or adding tax previously paid. 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 can not be adjusted.

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.

Bank and Credit Unions

State and National Banks and State Credits Unions, making a Federal Subchapter S election, shall not pay an "In Lieu" tax of 6% per 68 § 2370. The income or loss of that entity shall be reported at the shareholder level.

2002 Form 512S: Line by Line Instructions for Determining Oklahoma Distributive Income

Computation of Allocable and/or Apportionable Income

Part 2, Column A and Part 3, Column A are to be completed by all S Corporations. All S Corporations start with Part 2.

Part 2, Column B and Part 3, Column B, lines 1 through 14 is to be completed by S Corporations deriving all of their income from within Oklahoma or by S 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.

Part 4 is to be completed by S 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.



Don't Forget to Make a Copy of your Return for your Records before Mailing!

Indian Employment Exclusion:*(Part 2, line 19, column B or Part 4 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 limit. Enclose a copy of the Federal return, Form 8845 and if applicable, Form 3800.

Employers Providing Child Care Programs for their Employees:*(Part 2, line 5, column B or Part 4 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 the credit is allowed, the eligible expenses upon which the credit is based must be added back to arrive at Oklahoma distributive income. See Form 511CR, #12 for the credit. Enclose a schedule of eligible expenses and the computation of the credit. Title 68 O.S. Section 2357.26.

Part 2

To compute Oklahoma distributive income, All S Corporations start with Part 2.

Lines 1-21, Column A:

Part 2, Column A must be completed by all S Corporations. List exact figures as reported on the front page of your Federal 1120-S.

Lines 1-21, Column B:

Part 2, Column B is to be used by all S Corporations deriving all of their income from within Oklahoma. This column is also to be used by all S Corporations whose business, both within and without Oklahoma, is oil and gas production, mining, farming, or rental. This should be completed using the direct accounting method. S Corporations conducting business of a unitary nature do not complete Column B.

Corporations with the Federal Indian Employment Credit" refer to "Indian Employment Exclusion" in the top section of this page.

Corporations incurring expenses to provide Oklahoma child care services for children of their employees should refer to the "Employers Providing Child Care Programs for their Employees" in the top section of this page.



File your sales, use, tourism and withholding taxes on the Oklahoma Tax Commission's online business tax filing system.

Not only can you file, but you also have online payment options on the system.

Visit our web site at www.oktax.state.ok.us for more information.

Part 3

If Federal and Oklahoma distributive net incomes are the same, you may complete line 15 of part 3, then complete part 5. A copy of your Federal Form 1120-S and K-1's must be enclosed with your Oklahoma return. An Oklahoma return must be filed.

Lines 1-15, Column A:

Part 3, Column A is to be used by all S Corporations. List exact figures as reported on your Federal 1120-S, Sch. K.

Lines 1-15, Column B:

Part 3, Column B is to be used by all S Corporations deriving all of their income from within Oklahoma. This will be the same as in Column A except for lines 4b and 4c.

S Corporations whose business within and without Oklahoma is oil and gas production, mining, farming, or rental shall complete this column on a direct accounting basis as follows:

Line 1

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. Use Page 2, Part 2 or enclose a schedule.

Lines 2 & 3

Income (loss) from real and tangible personal property shall be allocated in accordance with the situs of such property.

Line 4

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; see line 1 above.

All other intangible income (loss) shall be allocated in accordance with the situs of the S Corporation. Gains or losses from the sale of leases and gains or losses from the sale of real and tangible personal property, which shall be allocated in accordance with the situs of the property.

Line 4b - State and Municipal Interest:

S 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 an Oklahoma municipal bond, issued prior to July 2, 2001, is exempt only if so provided by the statute authorizing its issuance. Interest on local Oklahoma governmental obligations issued after July 1, 2001 shall be exempt from Oklahoma income tax, except those 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 is a beneficiary. All out-of-state municipals are taxable.

Line 4c - 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 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 5

Gains or losses from the sale of the following shall be allocated in accordance with the situs of the property:

- real or tangible personal property,
- lease, royalty or bonus income from oil and gas properties.

Lines 8 through 13 -

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

Part 4

Part 4 is to be used by S Corporations conducting a business of 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. 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 - Enter Net Distributable income from Page 2, Part 3, Column A, line 15.

Line 2 - Deductions relating to income which is separately allocable shall not be allowed as apportionable and will be entered here.

Line 3 - Income from U.S. obligations (see Part 3, line 4c instructions) and net income separately allocated (oil and gas production, mining, farming, or rentals and other Corporation income or loss) will be entered here. Gains or losses from sale of intangible personal property which is directly allocated should also be entered here.

Corporations with the Federal Indian Employment Credit" refer to "Indian Employment Exclusion" in the top section of page 4.

Line 4 -

Total apportionable income.

Line 5 -

Apportionment Factor from Apportionment Schedule.

Line 6 -

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.).

Corporations incurring expenses to provide child care services for children of their employees should refer to the "Employers Providing Child Care Programs for their Employees" in the top section of page 4.

Line 7 -

Oklahoma distributable income. Place this figure on Page 2, Part 3, Column B, line 15. Then complete Part 5.

Part 5

All S Corporations must complete Part 5.

If your business is either wholly Oklahoma or of an allocable nature, complete Part 5 after you complete Part 3. If your business is of a unitary nature, complete Part 5 after you complete Part 4.

Shareholders Distribution of Income

Enter the names, social security numbers and addresses of the shareholders, and write in the applicable column each shareholder's distribution of net income, whether distributed or not.

Notice:

The amount shown on Part 5 may not be the amount to be entered on the shareholder's Oklahoma income tax return. This amount includes all allowable S corporation income, losses and deductions; however, some of these items may be limited on the Federal individual return. If these items are allowed in full or in part on your Federal Income Tax Return, they will be allowed to the same extent on your Oklahoma Return.

Oklahoma Credits and Withholding

Oklahoma withholding is withheld from royalty paid to nonresident Subchapter S Corporations. Enter each shareholder's portion of such withholding.

Corporations Please Note:

Nonresident shareholders must enclose Form 512-SA indicating that an individual income tax form will be filed with Oklahoma reporting their income or loss. This agreement must be enclosed with the original S corporation income tax return, Form 512-S, for each nonresident shareholder; otherwise, the corporation shall be taxed on that part of the corporation's net income allocable to the shares of stock owned by the nonresident shareholder. Once the agreement has been signed, it is irrevocable for this tax year. If a signed agreement is not submitted with the original filed return, the tax on the corporation is binding. Shareholder's social security number must be shown for the agreement to be valid.

Part 1**Oklahoma Credits...**

Enclose a copy of the credit form or schedule. Complete the schedule showing each shareholder's distributive share of credit.

Line 1b - Share of Net Operating Loss Carryover

Enter the amount of Net Operating Loss carryover which is attributable to those nonresidents who did not file a nonresident shareholders agreement (Form 512SA) in the loss year. *Enclose a detailed schedule.*

Line 3 - Oklahoma Investment/New Jobs Credit

Those engaged in manufacturing or processing (including partnership or Sub-S pass through) who are entitled to Oklahoma Investment/New Jobs Credit enclose Form 506. (This credit has no relationship to Federal Investment Credit.) *Title 68 O.S. Section 2357.4.*

Line 4 - Gas Used in Manufacturing Credit

A credit is available at the rate of three mills per thousand cubic feet of gas used or consumed during each taxable year when such is 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 - Hazardous Waste Disposal Credit

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

Line 6 - Other Credits

The amount of other credits claimed on Form 511CR should be entered on this line. Enter in the box the number that corresponds with the credit to which the taxpayer is entitled. If you are entitled to more than one credit, enter "99" in the box. See the following for a list of credits available on Form 511CR. Enclose Form 511CR and any applicable forms or schedules. This form can be obtained by calling our forms request line at (405) 521-3108 or from our website.

- **Credit for Conversion of a Motor Vehicle to Clean Burning Fuels or for Investments in Qualified Electric Motor Vehicle Property**
Title 68 O.S. Section 2357.22.
- **Coal Credit**
Title 68 O.S. Section 2357.11 and Rule 710:50-15-76.
- **Energy Assistance Fund Contribution**
Title 68 O.S. Section 2357.6.
- **Small Business Capital Credit**
Enclose Form 527-A. Title 68 O.S. Section 2357.60 - 2357.65.
- **Oklahoma Agricultural Producers Credit**
Enclose Form 520. Title 68 O.S. Section 2357.25.

(Continued on page 7)

- **Credit for Qualified Recycling Facility**
Title 68 O.S. Section 2357.59.
- **Small Business Guaranty Fee Credit**
Enclose Form 529. Title 68 O.S. Section 2357.30 or Title 68 O.S. Section 2370.1.
- **Credit for Employers Providing Child Care Programs**
Title 68 O.S. Section 2357.26.
- **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 Vaccinations 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.
- **Oklahoma Local Development and Enterprise Zone Incentive Leverage Act Credit**
Title 68 O.S. Section 2357.81.
- **Credit for Qualified Rehabilitation Expenditures Incurred with any Certified Historical or Historical Newspaper Plant Building**
Title 68 O.S. Section 2357.41.
- **Credit for Tourism Development**
Title 68 O.S. Section 2357.34 - 2357.40.
- **Credit for Space Transportation Vehicle Provider**
Title 68 O.S. Section 2357.42.
- **Rural Small Business Capital Credit**
Title 68 O.S. Section 2357.71 - 2357.76.

Line 11

Oklahoma Withholding

Oklahoma withholding is withheld from royalty payments paid to nonresident Subchapter S corporations. Enter that portion of such withholding attributable to the nonresident shareholders who do not file a nonresident shareholders agreement (Form 512-SA).

Line 15

Oklahoma Wildlife Diversity Program

The Oklahoma Wildlife Diversity Program is funded primarily by concerned Oklahomans. All donations provide for a variety of projects. If you are not receiving a refund, you may still support Oklahoma wildlife by sending a donation to:

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

Line 16

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

**Department of Veteran Affairs
P.O. Box 53067
Oklahoma City, OK 73152**

Line 17

Oklahoma Breast Cancer Research Contribution

If you wish to donate from your tax refund for Oklahoma Breast Cancer Research, enter the amount. The donation will be forwarded to the State Department of Health. If you are not receiving a refund, you may still donate. Mail your contribution to:

**State Department of Health
1000 Northeast 10th Street
Oklahoma City, OK 73152**

Line 18

Oklahoma City Bombing Memorial Fund

You may donate to remember the victims of the April 19, 1995 bombing of the Alfred P. Murrah Federal Building. Donations will help defray the expense to construct and maintain the National Memorial created to honor the victims of the bombing. If you are not receiving a refund, you may still donate. Mail your contribution to:

**Oklahoma City National Memorial Foundation
P. O. Box 323
Oklahoma City, OK 73101-0323**

Line 19

Oklahoma School for the Deaf and 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 send a donation to:

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

Don't forget to sign
your tax return.

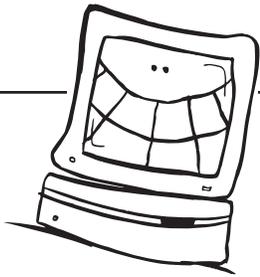


When You Are Finished...

- 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**

How to Contact the Oklahoma Tax Commission



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.oktax.state.ok.us

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

Office Locations!

Oklahoma City • (405) 521-3160

2501 North Lincoln Boulevard
or

Shepherd Mall: NW 23rd & Villa

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

McAlester • (918) 426-0777

1533 South Main



Give Us a Call!

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

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

The in-state toll free number is **(800) 522-8165, ext. 1-3160**

for general assistance or **ext. 1-3126** for corporate tax assistance. 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.

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

**Bulk Rate
U.S. Postage Paid
Oklahoma Tax Commission**

Part 2: Ordinary Income from Trade or Business

Complete column A. Column B should be completed by S Corporations whose income is all within Oklahoma and/or by those whose income is partly within and partly without Oklahoma (not of a unitary nature). **CAUTION:** Include only trade or business income and expenses on lines 1a through 21 below.

		Column A As reported on Federal Return	Column B Total applicable to Oklahoma
1	a. Gross receipts or sales \$ _____		
	b. Minus returns and allowances \$ _____ =	00	00
2	Cost of goods sold and/or operations	00	00
3	Gross profit (subtract line 2 from line 1)	00	00
4	Net gain (loss) (Form 4797 Part II, line 18)	00	00
5	Other income (loss) (enclose schedule)	00	00
6	Total income (loss) (add lines 3 through 5)	00	00
7	Compensation of officers	00	00
8	Salaries and wages	00	00
9	Repairs	00	00
10	Bad debts	00	00
11	Rent	00	00
12	Taxes	00	00
13	Interest	00	00
14	Depreciation	00	00
15	Depletion (do not deduct oil and gas depletion)	00	00
16	Advertising	00	00
17	Pension, profit-sharing, etc. plans	00	00
18	Employee benefit programs	00	00
19	Other deductions (enclose schedule)	00	00
20	Total deductions (add lines 7 through 19)	00	00
21	Ordinary Income (Loss) from trade or business: Subtract line 20 from line 6. Enter here and below on part 3, line 1	00	00

Part 3: Distributive Share Items

Income (lines 1 through 7)

		Column A As reported on Federal Return	Column B Total applicable to Oklahoma
1	Ordinary income (loss) from trade or business (from above on part 2, line 21)	00	00
2	Net income (loss) from rental estate activity(ies) (enclose schedule)	00	00
3	Net income (loss) from other rental activity(ies) (enclose schedule)	00	00
4	Portfolio income (loss)		
	a: Interest on loans, notes, mortgages, bonds, etc.	00	00
	b: Interest on obligations of a State or political subdivision		00
	c: Interest on obligations of the United States	00	
	d: Other interest income	00	00
	e: Dividend income	00	00
	f: Royalty income (patent or copyright)	00	00
	g: Net short-term capital gain (loss) (Schedule D, 1120-S)	00	00
	h: Net long-term capital gain (loss) (Schedule D, 1120-S)	00	00
	i: Other portfolio income (loss) (enclose schedule)	00	00
5	Net gain (loss) under Section 1231 (other than due to casualty or theft)	00	00
6	Other (enclose schedule)	00	00
7	Total income (add lines 1 through 6)	00	00

Deductions (lines 8 through 14)

8	Contributions	00	00
9	Expense deductions for recovery property (section 179) (enclose schedule)	00	00
10	Deductions related to portfolio income	00	00
11	Depletion (oil and gas, enclose schedule)	00	00
12	Intangible drilling costs	00	00
13	Other deductions authorized by law (enclose schedule)	00	00
14	Total Deductions (add lines 8 through 13)	00	00

Total (line 15)

15	Net distributive income (line 7 minus line 14)	00	00
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If Federal and Oklahoma distributive net income are the same, please see instructions on page 4 of packet.

Part 4: Computation of Oklahoma Taxable Income of a Unitary Enterprise whose Income is Partly within and Partly without Oklahoma

1	Net distributable income from page 2, part 3, column A, line 15		1
2	Add: (a) Taxes based on income	2a	
	(b) Unallowable deduction (enclose schedule)	2b	
	(c) Other income (enclose schedule)	2c	2
3	Deduct all items separately allocated:		
	(a) Interest on obligations of the United States	3a	
	(b) _____	3b	
	(c) _____	3c	3
	(Notes: Items listed in 2 and 3 above must be net amounts supported by schedules showing source, location, expenses, etc.)		
4	Net apportionable income (line 1 plus line 2, minus line 3)		4
5	Oklahoma's portion thereof _____%, from schedule below		5
6	Add items separately allocated to Oklahoma:		
	(a) _____	6a	
	(b) _____	6b	
	(c) _____	6c	
	(d) _____	6d	6
7	Oklahoma distributable net income (add lines 5 and 6; enter here and on page 2, part 3, column B, line 15)		7

Apportionment Formula

	Column A Total Within Oklahoma	Column B Total Within and Without Oklahoma	A divided by B Percent Within Oklahoma
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 (subtract officer salaries from payroll)	\$	%
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 (i.e. under Public Law 86-272)		
	Total of sections "a" and "b"	\$	%
	If Revenue, Traffic Units or Miles Traveled is used rather than Sales, so indicate in this space: _____		
4	Total percent (sum of items 1, 2 and 3)		%
5	Average percent (1/3 of total percent) (Carry to part 4, line 5 above)		%

Note: Enclose a complete copy of your Federal return.

Part 5: Shareholders Distribution of Income

1 Name and address of shareholder	Check if non-resident	2 Social Security Number	3 Number of Shares	4 Shareholders applicable %	5 Net distributive income as reported on Federal return (part 3, column A, line 15, times part 5, column 4**)
(a)					
(b)					
(c)					
(d)					
(e)					
(f)					

6 Resident share of Oklahoma net distributive income (part 3, column B, line 15 times part 5, column 4**)	7 Nonresident share of Okla. net distributive income (part 3, column B, line 15 times part 5, column 4**)	8 If nonresident agreement (Form 512-SA) is NOT attached, check box and enter the amount shown in column 7. The S corporation will be taxes on the income reported in this column.	9 Shareholder's portion of Oklahoma credit or withholding	10 Withholding or type of credit
(a)		<input type="checkbox"/>		
(b)		<input type="checkbox"/>		
(c)		<input type="checkbox"/>		
(d)		<input type="checkbox"/>		
(e)		<input type="checkbox"/>		
(f)		<input type="checkbox"/>		

Total: Nonresident share of income to tax (add amounts shown in column 8) . Enter here and on page 1, part 1, line 1a 

****NOTE:** The amount shown in part 3, column B, line 15, distributable Oklahoma income, may not be the amount to be entered on the shareholders Oklahoma income tax return. This amount includes all allowable shareholders income, losses, and deductions; however, some of these items may be limited on the Federal return. If these items are allowed in full or part on your Federal income tax return, they will be allowed to the same extent on your Okla. return.

Enclose a copy of your Federal return.

1. Kind of Business: _____
2. Is this return on cash or accrual basis? _____
3. Name of Business (if different from that of corporation): _____
4. Corporation books are kept by: _____
5. Address at which books are kept: _____
6. Date business began in Oklahoma: _____
7. Did you make a return of information on Oklahoma Forms 500/500A for the calendar year 2002?
(The Forms 500/500A may be filed in lieu of the Federal Form 1099) yes no
8. Were you notified this year of a change in your Federal taxable income for prior year(s)? yes no
 If you answered "yes" to #8, please list the year(s) here: _____
9. Did you file amended returns for the years stated above? yes no

Nonresident Shareholder Agreement

Tax Year 2002
FORM **512sa**

I, _____, the undersigned, do agree that I will file an Oklahoma Income Tax Return for the taxable year ending _____, and I will include in Oklahoma adjusted gross income my share of distributed or undistributed taxable income or net operating loss of the corporation named below to the extent that such income, gain or loss, is at the corporate level, derived from sources within Oklahoma. I further state that I made and executed this agreement for the purpose of filing it with the following named corporation to be submitted with the Oklahoma Small Business Corporation Income Tax Return, Form 512-S, filed by the corporation for the taxable year indicated above.

Corporation _____

Street Address or Post Office _____

City _____ State _____ Zip _____

Federal Identification Number _____

Dated at _____ this _____ day of _____, _____.

Signature of Person Executing Agreement

Social Security Number

Corporation Please Note:

This agreement must be filed with the original Small Business Corporation Income Tax Return, Form 512-S, for each nonresident shareholder; otherwise the corporation shall be taxed on that part of the corporation's net taxable income allocable to the shares of stock owned by the nonresident shareholder. Once the agreement has been signed, it is irrevocable for this taxable year.