2005 Oklahoma Income Tax Forms and Instructions for Partnerships

Packet contains:

- Instructions for completing the Form 514
- Two 514 partnership income tax forms
- Two 514-PT partnership composite income tax supplements
- 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, e-mail, web or in-person, there are many ways to reach us! Check out page 12 for all the options!

Looking for a better way to file your business taxes? See page 11 for information on QuickTax!

QuickTax™
Business Tax Filing System
Because You Didn't Go into Business to File Tax Forms...

2005 Oklahoma Partnership Income Tax Return

What's New in the 2005 Oklahoma Tax Booklet?

- You can receive a credit for contributions to a biomedical research institute. See the instructions for Form 512, line 5 on page 9.
- There are three new credits available to corporations on Form 511CR: Poultry Litter Credit, Credit for Qualified Biodiesel Facilities and Film or Music Project Credit. See page 9 for information on how to obtain the Form 511CR.

General Filing Information

General Information...

Title 68 O.S.
Returns by Partnerships.
Returns by Limited Liability Companies (LLCs) and Limited Liability Partnerships (LLPs).

Any reference to partnership partners in the instructions and on Form 514 also relate to LLC and LLP members.

Notice: If this is a fiscal year or period return, please enter both the beginning and ending dates.

Every partnership, including syndicates, groups, pools, joint ventures or other unincorporated organizations (exclusive of trusts, estates or corporations defined by the act), having Oklahoma source income, shall make a return of income on Form 514, for the calendar year or fiscal year ended on the last day of any month other than December.

Each partner having Oklahoma source income sufficient to make a return, shall make such return as required by law.

Accounting Methods and Periods...

The taxable year and method of accounting shall be the same as the taxable year and method of accounting used for Federal income tax purposes.

When and Where the Return Must Be Filed...

The return must be filed with the Oklahoma Tax Commission, PO Box 26800, Oklahoma City, Oklahoma 73126-0800, on or before the 15th day of the fourth month following the close of the tax year. An extension of time for the filing of the return may be granted, but in no case to exceed six months. If you have an approved extension of time from the Internal Revenue Service in which to file your Federal Return, an Oklahoma extension is automatic. However, a copy of the Federal approved extension must be enclosed with your Oklahoma tax return.

Business Code Number...

Oklahoma business codes are the same as Federal business codes.

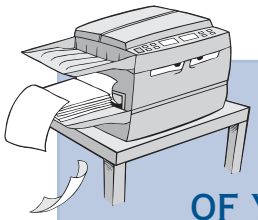
Composite Return Information...

Any partnership required to file an Oklahoma income tax return may elect to file a composite return for its nonresident partners. The income tax liability for such nonresident partners will be computed and paid on the partnership return. Any nonresident partner may be included in the composite return; **unless the partner has income from an Oklahoma source other than the partnership or the partner is, or is electing to be treated as, a Sub S corporation or partnership.** Nonresident partners included in a composite return shall not have other Oklahoma income and shall not file separate Oklahoma income tax returns. When filing a composite return, the Form 514-PT "Partnership Composite Income Tax Supplement" and **Form 514, Part One "Tax Computation for Nonresident Composite Filers Only"** must be completed.

Use Form 514-PT to compute each of the nonresident partner's Oklahoma income tax. The instructions are on the back of form. The totals of the nonresidents' Oklahoma distributive income and their tax are carried from Form 514-PT to Form 514, Part One, lines 1 and 2. See page 8 for the instructions for Part One.

Estimated tax payments made on behalf of the nonresident partners electing to be included in the composite return must be made under the partnership's name and Federal ID number.

(continued on page 3)



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

INFORMATION AT SOURCE...

Every partnership making payments of salaries, wages, premiums, annuities or other periodical gains, profits or income, amounting to $750 or more, paid or payable during the year, to any taxpayer, shall make a complete report thereof, under oath, to the Commission on Forms 500 and 501 to reach the Commission on or before February 28 of the calendar year. Title 68 O.S. Section 2369(A) and Rule 710:50-3-50(A)

ADJUSTMENTS BY THE IRS...

Taxpayers who file "consents" extending the time for making of Federal adjustments, automatically extend the time for making State adjustments. Also, the taxpayer is required to furnish copies of all Revenue Agents' reports.

WITHHOLDING ON NONRESIDENT MEMBERS...

Pass-through entities (partnerships, S Corporations, limited liability companies or trusts) are required to withhold Oklahoma income tax at a rate of 5% of the Oklahoma share of taxable income distributed to each nonresident member (partner, member, shareholder or beneficiary). A pass-through entity is **not** required to withhold income tax with regard to any nonresident member who submits a Nonresident Member Withholding Exemption Affidavit (Form OW-15). Title 68 O.S. Sections 2385.29, 2385.30 and 2385.31

Withholding is not required on distributions made to persons, other than individuals, who are exempt from federal income tax; organizations granted an exemption under Section 501(c)(3) of the Internal Revenue Code; insurance companies subject to the Oklahoma Gross Premiums Tax and therefore exempt from Oklahoma income tax under Title 68 O.S. Section 2359(c); and nonresident members who have filed the Form OW-15 “Nonresident Member Withholding Exemption Affidavit”. Withholding is not required on any distribution of royalty income on which the 6.75% royalty interest income tax has already been withheld, on any distribution made to another pass-through entity or on any distribution of income not subject to Oklahoma income tax.

The following pass-through entities are not required to withhold:

- An entity electing to be treated as a disregarded entity for Federal income tax purposes. A disregarded entity is an eligible entity that is treated as an entity that is not separate from its single owner.
- An entity that does not have a requirement, or properly elects out of the requirement, to file a federal income tax return.
- An entity making distributions of income not subject to Oklahoma income tax.

Distributions made from the partnership...

Partnerships, that make distributions subject to Oklahoma withholding, must register with the Oklahoma Tax Commission. Register by completing the registration form “Registration for Oklahoma Withholding for Nonresident Members” (Form OW-11). This form is available by calling our forms request line at (405) 521-3108 or from our website at www.oktax.state.ok.us.

To file and pay the income tax withheld, the partnership must complete Form OW-9-C "Nonresident Oklahoma Distributed Income Withholding". The partnership will file Form OW-9-C on or before the due date (including extensions) of the partnership’s income tax return. The partnership must provide nonresident partners a Form 500-B, by the due date (including extensions) of its income tax return, showing their respective amount of income and tax withheld. Copies of Form 500-Bs, along with the cover Form 501, must be sent to the Oklahoma Tax Commission by the same date. Each nonresident partner must enclose a copy of the Form 500-B to their Oklahoma income tax return as verification for this withholding.

When a partnership files a composite return on behalf of its nonresident partners, the nonresident partner's withholding can be claimed on Form 514, Part 1, line 11. **A copy of the nonresident partner's Form 500-B must be enclosed with the Form 514.**

(continued on page 4)

Looking for an Easy Way to Pay?
Check out our website where you can pay your income tax balance due directly from your checking account!
www.tax.ok.gov

AMENDED RETURNS...

Use Form 514 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 (514X). Enclose the Federal amended Form 1065 when applicable.

OKLAHOMA DEPLETION IN LIEU OF FEDERAL DEPLETION...

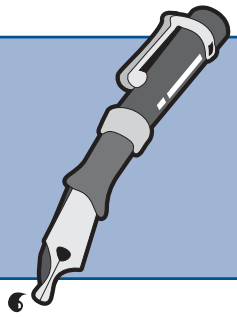
Oklahoma depletion on oil and gas well production, at the option of the taxpayer, may be computed at 22% of gross income derived from each Oklahoma property during the taxable year. Major oil companies, as defined in Title 52 O.S. Section 288.2, when computing Oklahoma depletion shall be limited to 50% of the net income (computed without the allowance for depletion) from each property. 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.

AGRICULTURAL COMMODITY PROCESSING FACILITY EXCLUSION...

Owners of agricultural commodity processing facilities may exclude 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.

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 partner. Do not include this exclusion in the Oklahoma distributive income, each partner shall report their allowable share of the exclusion on the designated line of their individual return.

Don't forget to sign your tax return.



Credit Card Payments Accepted

You can pay the balance due on any income tax return by credit card. Payments can be made for tax year 2004 and all years prior. Estimated income tax payment may also be made by credit card. Payments can be made one of two ways:

1. **You can log on to our website at www.tax.ok.gov. Click on the "Payment Options" link and pay your balance due online.**

2. **Or, you can pay your balance due over the phone by calling the toll free number 1-800-2PAY-TAX (1-800-272-9829).**

   (Note: If you live outside of Oklahoma, you will need to enter the jurisdiction code "4600" to use this service via telephone.)

Please keep in mind that there is a convenience fee of 2.5% for utilizing this service and is based on the amount of the charged balance due. For more information regarding this service, please visit our website at www.tax.ok.gov or call our Taxpayer Assistance Office at (405) 521-3160.

INDIAN EMPLOYMENT EXCLUSION...

Part Two, Column B, line 20, or Part Four, 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 year in which the Federal credit is allowed, even if the full credit cannot be used in such year because of the tax liability limit. Enclose a copy of your Federal return, Form 8845 and, if applicable, Form 3800.

EMPLOYERS PROVIDING CHILD CARE PROGRAMS FOR THEIR EMPLOYEES...

Part Two, Column B, line 7, or Part Four, line 6 as an addition.
Employers incurring expenses to provide 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, item 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 710:50-15-19.

(continued on page 5)

Specific Line Instructions for Determining Distributive Income

Allocable Income or Loss...

Part Two, Column A and Part Three, Column A are to be completed by all partnerships.

Part Two, Column B and Part Three, Column B are to be completed by partnerships deriving all of their income from within Oklahoma and by partnerships whose business is oil and gas production, mining, farming, or rental within and without Oklahoma, on a direct accounting basis.

Apportionment Income or Loss...

Part Four is to be completed by partnerships 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 (commonly called unitary business) 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. Partnerships consisting of business other than oil and gas production, mining, farming or rentals operating in more than one state should compute their Oklahoma income by using the three factor formula consisting of Sales, Payroll and Property. Title 68 O.S. (Section 2358 (A) (4) and Section 2358 (A) (5). When a partnership has capital gains (or other allocable items such as depletion) a separate schedule must be furnished showing the Oklahoma portion and the total amount claimed on the Federal Return.

Part Two

To compute Oklahoma distributive income, all partnerships start with Part Two.

Lines 1-21, Column A:
Part Two, Column A must be completed by all partnerships. List exact figures as reported on the front page of your Federal Form 1065.

Lines 1-21, Column B:
Part Two, Column B is to be used by all partnerships deriving all of their income from within Oklahoma. This column is also to be used by all partnerships 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. Partnerships conducting business of a unitary nature do not complete Column B.

Partnerships with the Federal Indian Employment Credit should refer to the “Indian Employment Exclusion" on page 4 under General Filing Information.

Partnerships incurring expenses to provide child care services for children of their employees should refer to the "Employers Providing Child Care Programs for their Employees" section on page 4 under General Filing Information.

Part Three

If Federal and Oklahoma distributive net incomes are the same, you may complete Part Three, Columns A & B, line 15; then complete Part Five. A copy of your Federal Form 1065 and K-1's must be enclosed with your Oklahoma return. An Oklahoma return must be filed by all partnerships having Oklahoma source income.

Line 1-15, Column A:
Part Three, Column A is to be used by all partnerships. List exact figures as reported on your Federal Form 1065, Schedule K.

Lines 1-15, Column B:
Part Three, Column B is to be used by partnerships deriving all of their income from within Oklahoma. This column will be the same as in Column A except for lines 4b and 4c.

This column is also to be used by partnerships whose business, both within and without Oklahoma, is oil and gas production, mining, farming, or rental. Complete this column using the direct account method as shown below.

Partnerships conducting business of a UNITARY nature do not complete Column B, lines 1 - 14. Such partnerships shall complete Part Four using the Apportionment Formula before completing of Column B, line 15.

Column B

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 Two, or enclose schedule.

(continued on page 6)

PART THREE, CONTINUED

Lines 2 and 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 instructions on page 5. All other intangible income (loss) shall be allocated in accordance with the situs of the partnership.

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

Line 4b
State and municipal interest: Partnerships 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, issued prior to July 2, 2001, is exempt only if so provided by the statute authorizing their 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 1099s 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 government obligation or the percentage of funds received from each obligation. Interest from entities such as FNMA & GNMA does not qualify.

Line 4d and 4e
Intangible income is allocated to the situs of the partnership, except accounts receivable interest income and interest from investments held to generate working capital. Such interest is allocated to Oklahoma on the basis of direct expense, see line 1.

Line 5
Gains or losses from real or tangible personal property shall be allocated in accordance with the situs of the property.

Line 6
The gain on the sale, exchange, or other disposition of property for which a section 179 expense deduction was passed through to partners is reported as Supplemental Information on the Federal K-1. For Oklahoma purposes, report such gain on this line. Enclose the following: description of the property; date the property was acquired; date the property was sold; gross sales price; cost or other basis plus expense of sale (including the partnership's basis reduction in the property due to the section 179 expense deduction); depreciation allowed or allowable (not including the section 179 expense deduction); and amount of section 179 expense deduction (if any) passed through to each partner for the property and the partnership's tax year(s) in which the amount was passed through.

Lines 8 through 13
Expenses relative to the income shall be allocated directly to that income. Allowable oil and gas depletion, guaranteed payments, and Oklahoma withholding will be stated in Part Five.

PART FOUR

Part Four is to be used by Partnerships conducting a business within and without the state of Oklahoma which must be apportioned.

Generally unitary income is apportioned to Oklahoma based on the 3-factor formula. The basis of the apportionment is the arithmatical average of three factors consisting of property, payroll and sales. Each factor is a ratio of the total within Oklahoma to the total everywhere. Oklahoma distributable net income is figured by adding separately allocated Oklahoma income with net Oklahoma apportioned income. Title 68 O.S. Section 2358

(continued on page 7)

PART FOUR, CONTINUED

Line 1
Enter Net Distributable Income from Page 2, Part Three, Column A, line 15.

Line 2
Deductions relating to income which is separately allocated shall not be allowed and will be entered here.

Line 3
Income from U.S. obligations (see general instructions) and income separately allocated (oil and gas production, mining, farming, or rentals and other partnership 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.

Partnerships with the Federal Indian Employment Credit should refer to the "Indian Employment Exclusion" on page 4 under *General Filing Information*.

Line 4
Total apportionable income. Refer to top of Part Four instructions for more information on 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.).

Partnerships incurring expenses to provide child care services for children of their employees should refer to the "Employers Providing Child Care Programs for their Employees" section on page 4 under *General Filing Information*.

Line 7
Oklahoma distributable income. Place this figure on Page 2, Part Three, Column B, line 15. Then complete Part Five.

PART FIVE

All partnerships must complete Part Five or may enclose the Federal K-1s if Oklahoma information is stated separately on the Federal K-1s.

If your business is either wholly Oklahoma or of an allocable nature, complete Part Five after you complete Part Three. If your business is of a unitary nature, complete Part Five after you complete Part Four.

Partner's Share of Income...
Enter the names, Social Security Numbers and addresses of the partners, and extend in proper column each partner's share of the net income whether distributed or not.

Distributable Federal and Oklahoma Income...
Enter each partner's share of Net Distributive Income included in Part Three.

Guaranteed Payments...
Enter each partner's share of guaranteed payment from Partnership Return, Federal Schedule K.

Allowable Oil and Gas Depletion...
Enter each partner's allowable depletion. Enclose detailed schedule.

Notice...
The amount shown on Page 4, Part Five, Distributable Oklahoma Income, may not be the amount to be entered on the partner's Oklahoma Income Tax Return. This amount includes all allowable partnership income, losses and deductions; however some of these partnership items may be limited on the partner's Federal Income Tax Return. If these items are allowed in full or in part on the partner's Federal Income Tax Return, they will be allowed to the same extent on their Oklahoma Income Tax Return.

Partnerships Please Note:
Nonresident partners may be included in a composite return. For more information on filing a composite return, refer to the "Composite Return Information" in the general filing information on page 2. Your nonresident partners, who are electing to be included in the composite return, will not file an Oklahoma income tax return. Any Oklahoma income tax withheld from their Oklahoma distributed income, shown on Form 500-B, and their pro rata share of any withholding passing through to them, shown on Part Five, Column J, will be claimed on the partnership return, Part One, line 11. The nonresident's pro rata share of any credits, shown on Part Five, Column J, will be claimed on the applicable line of the partnership return, Part One, lines 3-6. See the instructions for Part One on page 8.

A complete copy of the Federal Partnership Return is required.

(continued on page 8)

OKLAHOMA CREDITS & WITHHOLDING

If a partner has more than one type of credit and/or withholding, enter total amount in Column J and enter "see schedule" in Column K. Enclose a detailed schedule showing the type and amount of each credit and/or withholding for the partner.

For nonresident partners that have elected to be included in the composite return, their share of Oklahoma credits and withholding will be reported here and on the applicable lines on Part One.

Withholding

Enter and describe each partner's share of Oklahoma withholding. The partnership must enclose the Form 500-A, Form 1099-MISC, Schedule K-1 or other documentation to substantiate any Oklahoma withholding passing through to its partners.

Oklahoma income tax is withheld from oil royalties paid to nonresident partnerships. Enter each partner's share of such withholding.

The partner's pro rata share of Oklahoma withholding should be reported on the partner's Schedule K-1. Each partner must enclose a copy of the Schedule K-1 with their Oklahoma income tax return as verification for this withholding.

Note: If you have any nonresident partners who have not filed a withholding exemption affidavit (Form OW-15), Oklahoma income tax should have been withheld on any distribution of Oklahoma income. Such withholding is not reported here; instead, you should have issued a Form 500-B to your nonresident partners.

Credits

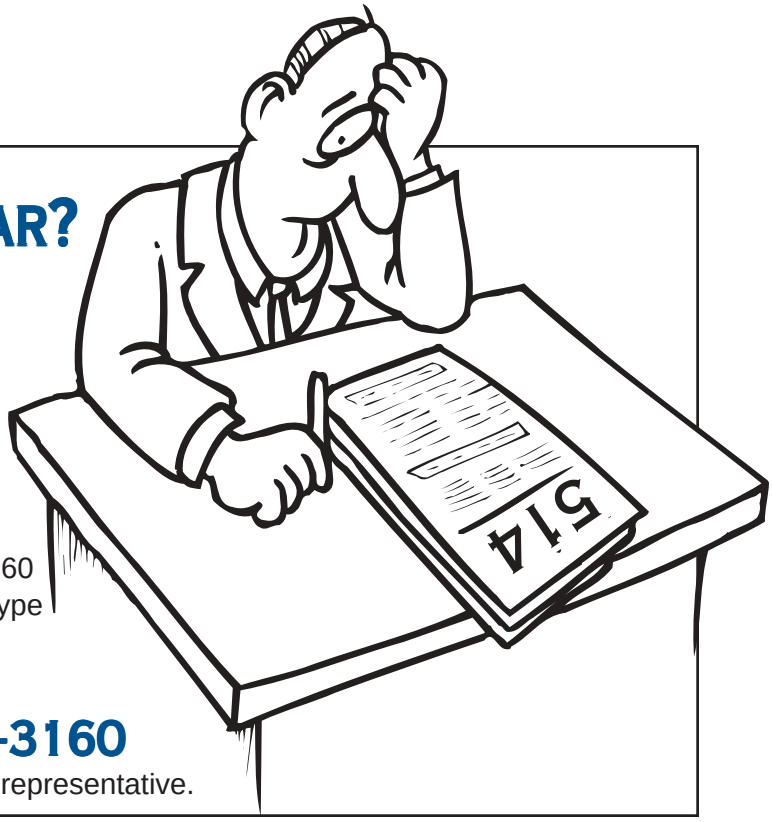
Enter and describe each partner's portion of credits. Enclose all forms and documentation required to substantiate the credit(s). See the instructions for Part One "Oklahoma Credits" for more detail on the credits available.

PART ONE

Part One is to be completed for those nonresident partners who have elected to be included in the composite return. The tax liability will be paid on Part One of the partnership return. If there is no composite return being filed, do not complete Part One.

(continued on page 9)

DOES THIS LOOK FAMILIAR?
DON'T WORRY!
WE ARE HERE TO HELP!



At the Oklahoma Tax Commission, we are committed to quality customer service.

Call our Taxpayer Assistance Team at (405) 521-3160 and request assistance with specifically which tax type or form you are having difficulting completing.

We are here to help.

Just pick up your phone.

(405) 521-3160

Press "0" to speak to a representative.

PART ONE, CONTINUED

Oklahoma Credits (Lines 3 - 6)

For those nonresident partner's who have elected to be included in the composite return, enter their share of any credit on the applicable line. The partner's share of the credit(s) is shown on Part 5, Column J. Enclose all forms and documentation required to substantiate any credits.

Note...
Do not include the portion of the partnership's credit(s) attributable to the partners not included in the composite return.

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 and Rule 710:50-15-74

Line 4
Gas Used in Manufacturing
A credit 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
Credit for Biomedical Research Contribution
A credit is allowed for 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
Credits 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. 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 at www.tax.ok.gov.

Coal Credit...
Title 68 O.S. Section 2357.11 and Rule 710:50-15-76

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

Venture Capital Credit...
Title 68 O.S. Section 2357.7 and 8 and Rule 710:50-15-77 and 78

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 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 or Title 68 O.S. Section 2370.1

Credit for Qualified Recycling Facility...
Title 68 O.S. Section 2357.59 and Rule 710:50-15-84

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 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

(continued on page 10)

PART ONE, CONTINUED

Credit for Food Service Establishments that Pay for Hepatitis A Vaccinations for their Employees...
Title 68 O.S. Section 2357.33

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 Hotel or Historical Newspaper Plant Building...
Title 68 O.S. Section 2357.41

Credit for Space Transportation Vehicle Provider...
Title 68 O.S. Section 2357.42 and Rule 710:50-15-93

Rural Small Business Capital Credit...
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

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

Poultry Litter Credit...
Title 68 O.S. Section 2357.100 and Rule 710:50-15-95.

Credit for Qualified Biodiesel Facilities...
Title 68 O.S. Section 2357.67.

Film or Music Project Credit...
Enclose Form 562. Title 68 O.S. Section 2357.101.

Line 9
Oklahoma Estimated Tax Payments
Enter the Oklahoma estimated tax payments paid on behalf of the nonresident partners that have elected to be included in this composite return. The payments should have been made under the partnership's name and Federal ID number.

Line 11
Oklahoma Withholding
Enter the portion of Oklahoma withholding that is passing through the partnership to those nonresident partners that have elected to be included in the composite return. The partner's share of such withholding is shown in Part 5, Column J. Enclose the Form 1099-MISC, Form 500-A, Schedule K-1 or other withholding statement received by the partnership to substantiate the Oklahoma withholding.

Enter the Oklahoma income tax withheld from Oklahoma distributions made to your nonresident partners that have elected to be included in this composite return. The partner withholding is shown on the Form 500-B. Enclose a copy of the Form 500-B for each such nonresident partner. Do not show such withholding in Part 5, Column J.

Note: Do not include the Oklahoma withholding for partners that are not included in the composite return.

WHEN YOU ARE FINISHED...

- When complete, make copies of all the documents for your records.
- Be sure to use the pre-addressed return envelope provided.
- Do not enclose any other tax reports or correspondence in this envelope.
- Sign your return.
- If you do not have a pre-addressed return envelope, please address your return and payment to:

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

- If you have any questions about your return, please contact us. See the back of this booklet for contact information.

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

Let Us Do the Math for You!

You spend enough time running numbers. When it comes to filing Oklahoma business taxes, let us do the math for you!

The Oklahoma Tax Commission's QuickTax online business tax filing system is just a few clicks of your mouse away.

Tax types available at this time include:

Sales Tax
Use Tax (vendor and consumer)
Withholding Tax
Nonresident Royalty Withholding Tax
Tourism Tax
Waste Tire Tax
Mixed Beverage Tax

Not only can you file your reports online, but the system also offers payment options including ACH debit, ACH credit, and credit card.

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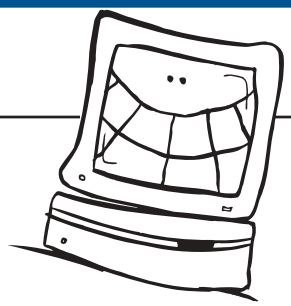
Filing online also has other benefits. For sales tax filers, you receive the full 2.25% discount if you file and pay through the QuickTax system. Also, when you finish, you will receive a confirmation number, giving you the peace of mind in knowing your report and payment have been received by the Oklahoma Tax Commission.

It is fast, easy, and we do all the math for you. Log on to our web site at www.tax.ok.gov.

If you have any questions, give us a call at (405) 521-3160. Check it out today!

QuickTax™
Business Tax Filing System
Because You Didn't Go into Business to File Tax Forms...

How to Contact the Oklahoma Tax Commission



Visit Us on the Web!

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

www.tax.ok.gov

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

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**.

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.

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

Bulk Rate
U.S. Postage Paid
Oklahoma City, OK 73194

State of Oklahoma

PARTNERSHIP INCOME TAX RETURN

TAX YEAR 2005

FORM 514 ____

This form must be filed on or before the 15th day of the fourth month after the close of the taxable year.

For the year January 1 - December 31, 2005, or other taxable year beginning _____, 2005 ending _____, _____.

Partnership Name:	Federal I.D. Number
Street Address:	Business Code Number
City, State and Zip:	County in which located

Principal Accounting Records Location:	
Telephone Number and Area Code:	

Important Notice

Page 2, Part 2 of Form 514 must be completed from information contained on Sch. K of the Federal partnership return. The Federal column must be completed before Page 3, Part 4 can be completed. Partnerships other than Oil and Gas Production, Mining, Rents and Farms, doing business in more than one state, should use the three factor formula on Page 3, Part 4.

Note: Enclose a complete copy of your Federal Form 1065 or 1065-B.

If this is a final return, check here: ☐

An Oklahoma return must be filed by all partnerships having Oklahoma source income.

PART 1: TAX COMPUTATION FOR NONRESIDENT COMPOSITE FILERS ONLY

If there is no composite return being filed, do not complete Part 1.

Complete Part 1 if filing a composite return for your nonresident partners. Any nonresident partner may be included in the composite return; unless the partner has income from an Oklahoma source other than your partnership or the partner is, or is electing to be treated as, a Sub S corporation or partnership. Nonresident partners included in the composite return will not file separate Oklahoma income tax returns. Enclose Form 514-PT: *Oklahoma Partnership Composite Income Tax Supplement*. The total Oklahoma distributive income (Form 514-PT, Column 10) and the total Oklahoma tax (Form 514-PT, Column 12) are entered below on lines 1 and 2 respectively.

1	Nonresident share of income (514-PT, Column 10)			1	00
2	Nonresident Oklahoma tax (514-PT, Column 12)			2	00
3	Less: (lines 3-6) Investment/New Jobs Credit *(enclose Form 506)*	3	00		
4	Gas Used in Manufacturing *(see instructions and enclose schedule)*	4	00		
5	Credit for Biomedical Research Contribution *(see instructions)*	5	00		
6	Other Credits *(see instructions) (enclose Form 511CR)*	6	00		
7	Total (add lines 3, 4, 5 and 6)			7	00
8	Balance of tax due (line 2 less line 7, but not less than zero)			8	00
9	Amount paid on 2005 estimate (i.e Forms OW-8-ESC)	9	00		
10	Amount paid with extension request	10	00		
11	Oklahoma withholding *(enclose Form 1099, 500A or other withholding statement)*	11	00		
12	Total payments (add lines 9, 10 and 11)			12	00
13	Overpayment (line 12 minus line 8)			13	00
14	Amount of line 13 to be credited on 2006 estimated tax	14	00		
15	Amount of line 13 to be refunded to you (line 13 minus line 14) . . . . . Refund ☞			15	00
16	Tax Due (line 8 minus line 12) . . . . . Tax Due ☞			16	00
17	Underpayment of estimated tax interest (enclose Form OW-8-P)			17	00
18	**For delinquent payment:** Add penalty of 5% $___ plus interest of 1.25% per month $___			18	00
19	Total tax, penalty and interest (add lines 16, 17 and 18) . . . . . Balance Due ☞			19	00

Under penalties of perjury, I declare that I have examined this return, including any accompanying schedules and statements, and to the best of my knowledge and belief, it is true, correct and complete. If prepared by person other than the taxpayer, his/her declaration is based on all information of which he/she has any knowledge.

If the Tax Commission may discuss this return with your tax preparer, please check here: ☐

signature of partner or member — date	signature of preparer — date
printed name	printed name
title	preparer's address — phone number ( )

If filing an amended return, please place an "X" in the space provided next to the form number: "514 X"

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

Part 2: Ordinary Income from Trade or Business

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 $_____ =	1	00	00
2	Cost of goods sold and/or operations	2	00	00
3	Gross profit (subtract line 2 from line 1)	3	00	00
4	Ordinary income (loss) from other partnerships and fiduciaries (enclose schedule)	4	00	00
5	Net farm profit (loss) (enclose Sch. F, Form 1040)	5	00	00
6	Net gain (loss) (Form 4797, line 18)	6	00	00
7	Other income (loss) (enclose schedule)	7	00	00
8	**Total income** (loss) (add lines 3 through 7)	8	00	00
9	Salaries and wages (other than to partners)	9	00	00
10	Guaranteed payments to partners	10	00	00
11	Repairs and maintenance	11	00	00
12	Bad debts	12	00	00
13	Rent	13	00	00
14	Taxes and licenses	14	00	00
15	Interest	15	00	00
16	Depreciation	16	00	00
17	Depletion (do not deduct oil and gas depletion)	17	00	00
18	Retirement plans, etc.	18	00	00
19	Employee benefit program	19	00	00
20	Other deductions (enclose schedule)	20	00	00
21	**Total deductions** (add lines 9 through 20)	21	00	00
22	**Ordinary Income (Loss) from trade or business:** Subtract line 21 from line 8.	22	00	00

Part 3: Distributive Share Items

			Column A Same as Above	Column B Same as Above
1	Ordinary income (loss) from trade or business activity(ies) (Part 2, line 22)	1	00	00
2	Net income (loss) from rental real estate activity(ies) (enclose schedule)	2	00	00
3	Net income (loss) from other rental activity(ies) (enclose schedule)	3	00	00
4	Portfolio Income (loss): a. Interest on loans, notes, mortgages, bonds, etc.	4a	00	00
	b. Interest on obligations of a State or political subdivision	4b		00
	c. Interest on obligations of the United States	4c	00	
	d. Other interest income	4d	00	00
	e. Dividend income	4e	00	00
	f. Royalty income (patent or copyright)	4f	00	00
	g. Net short-term capital gain (loss)	4g	00	00
	h. Net long-term capital gain (loss)	4h	00	00
	i. Other portfolio income (loss) (enclose schedule)	4i	00	00
5	Net gain (loss) under section 1231 (Other than due to casualty or theft)	5	00	00
6	Other (enclose schedule)	6	00	00
7	**Total income** (Add lines 1 through 6)	7	00	00
8	Deductions: Contributions	8	00	00
9	Expense deductions for recovery property (Section 179) (enclose schedule)	9	00	00
10	Deductions related to portfolio income	10	00	00
11	Depletion (Other than oil and gas)	11	00	00
12	Intangible drilling costs	12	00	00
13	Other deductions authorized by law (enclose schedule)	13	00	00
14	**Total deductions** (Add lines 8 thru 13)	14	00	00
15	**Net distributive income** (line 7 minus line 14)	15	00	00

If Federal and Oklahoma distributive net income is the same, you may complete Part 3, line 15, then complete Part 5. Enclose a copy of your Federal Form 1065 and K-1s.

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) _____	2a	
	(b) Unallowable deduction (enclose schedule)	2b	
	(c) Other income (enclose schedule)	2c	
	(d) Total of lines 2a through 2c		2d
3	Deduct all items separately allocated:		
	(a) Interest on obligations of the United States	3a	
	(b) _____	3b	
	(c) _____	3c	
	(d) Total of lines 3a through 3c		3d
	(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 2d, minus line 3d)		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	
	(e) Total of lines 6a through 6d		6e
7	Oklahoma distributable net income (add lines 5 and 6e; 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 value at the beginning and ending of the tax period).			
	(a) Owned property (at original cost):			
	(I) Inventories			
	(II) Depreciable property			
	(III) Land			
	(IV) Total of section "a"			
	(b) Rented property (capitalize at 8 times net rental paid)			
	(c) Total of sections "a" and "b" above	$	$	%
2	(a) Payroll			
	(b) Less: Officers' salaries			
	(c) Total (subtract officer salaries from payroll)	$	$	%
3	Sales :			
	(a) Sales delivered or shipped to Oklahoma purchasers:			
	(I) Shipped from outside Oklahoma			
	(II) Shipped from within Oklahoma			
	(b) Sales shipped from Oklahoma to:			
	(I) The United States Government			
	(II) Purchasers in a state or country where the corporation is not taxable (i.e. under Public Law 86-272)			
	(c) Total all of sections "a" and "b"	$	$	%
4	If Revenue, Traffic Units or Miles Traveled is used rather than Sales, so indicate here: _____			
5	Total percent (sum of items 1, 2 and 3)			%
6	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: ALL PARTNERSHIPS MUST COMPLETE PART 5 OR MAY ENCLOSE THE FEDERAL K-1'S IF OKLAHOMA INFORMATION IS STATED SEPARATELY ON THE FEDERAL K-1.

A Name and address of each partner	B Social Security Number	C Distributable Federal Income	D Distributable Oklahoma Income (see instructions)
(1)			
(2)			
(3)			
(4)			
(5)			
(6)			

Note: Enclose a complete copy of your Federal Form 1065 or 1065-B.

	E Guaranteed Payments to Partners (Federal)	F Guaranteed Payments to Partners (Okla.)	G Allowable Oil and Gas Depletion (Federal)	H Allowable Oil and Gas Depletion (Oklahoma)	I Percentage of Partnership Owned	J Amount of Credit or Withholding	K Type of Credit or Withholding
(1)							
(2)							
(3)							
(4)							
(5)							
(6)							

Total = 100 %

Notice: Forms required to compute credit must be enclosed with partnership return. Examples of these include: Form 1099 MISC or 500A: Nonresident Royalty Withholding, Form 506: Investment/New Jobs Credit, Form 527A: Small Business Capital Credit, Form 529: Small Business Guaranty Fee Credit, Form 520: Oklahoma Agricultural Producers Credit and Form 511CR for other credits. *Schedules or authorization must be furnished.*

Enclose a copy of your Federal return.

1. Date of organization: (month/day/year) _____
2. If this is the organization's first return, indicate whether:
   a. ☐ completely new business
   b. ☐ successor to previously existing business which was organized as:
      1. ☐ corporation
      2. ☐ partnership
      3. ☐ sole proprietorship
      4. ☐ other (indicate) _____

   If the successor to previously existing business, give name and address of the previous business organization: _____
3. Nature of organization: (i.e. partnership, syndicate, pool, joint ventures, limited liability company, etc.)
   _____
4. Was a return of income filed for the preceding year? ☐ Yes ☐ No
5. Is any member of the partnership the spouse, son or daughter of any other member? ☐ Yes ☐ No
6. Enter **Oklahoma Gross Income** from **oil, gas and geothermal** properties: $_____
7. When is the date business commenced in Oklahoma? _____
8. What is the principal business activity? _____

Mail to: Oklahoma Tax Commission, PO Box 26800, Oklahoma City, Oklahoma 73126-0800

Oklahoma Partnership Composite Income Tax Supplement

Tax Year 2005

FORM 514-PT

Must be completed for nonresidents electing to be included in a composite return.

Name of Partnership	Federal Identification Number

1 Name	2 ID Number	3 Filing Status (Individuals Only)	4 Federal Distributive Income From Form 514, Part 5: Column C plus Column E minus Column G	5 Oklahoma Additions and Subtractions See instructions Attach schedule	6 Distributive Income from All Sources Column 4 plus/minus Column 5 (Repeat entry in 6a below)
a)			+/-	=	
b)			+/-	=	
c)			+/-	=	
d)			+/-	=	
e)			+/-	=	
f)			+/-	=	
g)			+/-	=	
h)			+/-	=	
i)			+/-	=	

6a Distributive Income from All Sources (Repeat each entry from Column 6 above)	7 Oklahoma Standard Deduction Individuals only See instructions	8 Taxable Income Column 6a minus Column 7	9 Base Tax See instructions	10 Oklahoma Distributive Income From Form 514, Part 5: Column D plus Column F minus Column H	11 Tax % Column 10 divided by Column 6a	12 Oklahoma Nonresident Tax See instructions
a)	-	=			%	
b)	-	=			%	
c)	-	=			%	
d)	-	=			%	
e)	-	=			%	
f)	-	=			%	
g)	-	=			%	
h)	-	=			%	
i)	-	=			%	

k) Total nonresident's share of Okla. distributive income (enter here & on Form 514, Part 1, line 1) .....

l) Total nonresident Oklahoma tax (enter here and on Form 514, Part 1, line 2) .....

General Information and Instructions for Completing the 514-PT: Partnership Composite Income Tax Supplement (Rule 710:50-19-1)

Any partnership required to file an Oklahoma income tax return may elect to file a composite return for nonresident partners. Any nonresident partner may be included in the composite return, unless the partner has income from an Oklahoma source other than the partnership or the partner is, or is electing to be treated as, a Sub S corporation or partnership.

Instructions for Individual and Trust Nonresident Partners

The Oklahoma taxable income of an individual or trust nonresident partner shall be calculated as if all income were earned in Oklahoma, using Form 514-PT. The Federal distributive income of each partner will be adjusted using the Oklahoma adjustment allowed in Title 68 O.S. Section 2358, to arrive at Oklahoma distributive income from all sources. The Oklahoma distributive income from all sources is used to determine the Oklahoma taxable income. The tax is then calculated using the applicable Oklahoma income tax rate. At this point, the tax is prorated using the Oklahoma distributive income from Oklahoma sources divided by the distributive income from all sources. The prorated tax is the partner's Oklahoma tax.

Column 1 - Name of nonresident partner.

Column 2 - Social Security or Federal ID Number of nonresident partner.

Column 3 - For individuals only. The filing status for Oklahoma must be the same as that used on the partner's Federal income tax return. If the filing status is not known, they must file as single. Trusts do not complete this column.

Column 4 - Combine the amounts from Form 514, Part 5, Columns C, E and G. This should be the total amount of Federal income/loss available for distribution to this partner.

Column 5 - Treating the partnership income as if it were all earned in Oklahoma, enter the partner's share of any additions and subtractions to Federal distributive income that would be allowed in arriving at Oklahoma distributive income. For example: interest on U.S. Government obligations, additional depletion, etc. Enter subtractions as a negative number. Enclose a detailed schedule substantiating any amounts entered in this column.

Column 6 - Combine the amounts in Column 4 and Column 5.

Column 6a - Repeat each total from Column 6.

Column 7 - For individuals only. Deduct a standard deduction for each individual partner. The standard deduction is 15% of the partner's share of Distributive Income - All Sources, limited to $2,000, with no minimum amount. When the filing status is married filing separate, the maximum allowable shall not exceed $1,000. Trusts do not complete this column.

Column 8 - Subtract Column 7 from Column 6. This is the partner's share of the taxable income computed as if all of the partnership income were earned in Oklahoma.

Column 9 - Tax before allocation. Using the appropriate tax rate schedule below, compute the tax on the taxable income in Column 8.

Married Joint, Head of Household and Surviving Spouse Filers

Taxable Income		Pay	Plus	Over
0	2,000	0.00	0.50%	0
2,000	5,000	10.00	1.00%	2,000
5, 000	7,500	40.00	2.00%	5,000
7,500	9,800	90.00	3.00%	7,500
9,800	12,200	159.00	4.00%	9,800
12,200	15,000	225.00	5.00%	12,200
15,000	21,000	395.00	6.00%	15,000
21,000 & above		755.00	6.65%	21,000

Single and Married Separate Filers Trust Filers

Taxable Income		Pay	Plus	Over
0	1,000	0.00	0.50%	0
1,000	2,500	5.00	1.00%	1,000
2,500	3,750	20.00	2.00%	2,500
3,750	4,900	45.00	3.00%	3,750
4,900	6,200	79.50	4.00%	4,900
6,200	7,700	131.50	5.00%	6,200
7,700	10,000	206.50	6.00%	7,700
10,000 & above		344.50	6.65%	10,000

Column 10 - Combine the amounts from Form 514, Part 5, Columns D, F and H. This should be the total amount of Oklahoma income/loss available for distribution to this partner.

Column 11 - Divide Column 10 by Column 6a. Do not enter more than 100%.

Column 12 - Multiply the base tax in Column 9 by the tax percentage in Column 11.

Instructions for Corporate Nonresident Partners

Column 1 - Name of nonresident partner.

Column 2 - Federal ID Number of nonresident partner.

Column 10 - Add the amounts from Form 514, Part 5, Columns D, F and H. This should be the total amount of Oklahoma income/loss available for distribution to this partner.

Column 12 - Multiply the Oklahoma distributive income by the 6% tax rate.

Instructions for Lines K and L

Line K - Total Column 10. Enter here and on the Form 514, Part 1, line 1.

Line L - Total Column 12. Enter here and on the Form 514, Part 1, line 2.