• Includes Form 514 and 514-PT

2008 Oklahoma Partnership Income Tax Forms and Instructions

This packet contains:

- Instructions for completing the Form 514
- Two 514 partnership income tax forms
- Two 514-PT partnership composite income tax supplements

Filing date:

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

For assistance or forms:

- See page 12 for methods of contacting the Oklahoma Tax Commission.

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2-D Fill-in Forms with Online Calculations

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What's New in the 2008 Oklahoma Tax Booklet?

- The Oklahoma Capital Gain Deduction has been expanded. For further information, see the instructions on the back of Form 514-PT.
- See instruction for Part Two, Column B on page 6 or Part Four, Line 2 on page 8 for information on the required add back of expenses paid to a captive real estate investment trust.

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.

Partnerships filing Federal Form 1065-B will file Form 514.

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...

(Rule 710:50-19-1) 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 9 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.

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 Federal adjustments, automatically extend the time for making State adjustments. Also, the taxpayer is required to furnish copies of all Internal Revenue Service adjustments.

(continued on page 3)

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 nonresident 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 Form OW-11 "Registration for Oklahoma Withholding for Nonresident Members". This form is available by calling our forms request line at (405) 521-3108 or from our website at www.tax.ok.gov.

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.**

Amended Returns...

The Form 514 is used for amended returns also. In the upper right section of page 1 of the form, is a box to be checked if this is an amended Form 514. Enclose Federal Amended Form 1065 when applicable.

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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. 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.

(continued on page 4)

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

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 buildings, 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.

Refundable Credits...

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

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

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.

Safety Pays OSHA Consultation Service Exemption...

(Part Two, Column B, line 20 or Part Four, line 3)
An employer that is eligible for and utilizes the Safety Pays OSHA Consultation Service provided by the Oklahoma Department of Labor shall receive a $1,000 exemption for the tax year the service is utilized. Employers must be able to substantiate their participation in the Oklahoma Department of Labor's Safety Pays Consultation Service upon request.

Tax Assistance, Forms and Payment Options Available 24/7:

www.tax.ok.gov

Qualified Refinery Property...

(Title 68 O.S. Section 2357.204)

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

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

If you are the Refinery -
(Part Two, Column B, line 20 or Part Four, line 3 - as a deduction)
To make the election to expense the cost of qualified refinery property located in Oklahoma in the tax year in which the expense is incurred, deduct the cost of the property on a timely filed return, unless a second election is made by the refinery to allocate all or a portion of the deduction to its owners. If the second election is made, do not deduct such portion on Form 514. Each owner will report their allowable share of the deduction on their own income tax return. See "The election to allocate expense to owners" in the next column.

If you are the Refinery -
(Part Two, Column B, line 7 or Part Four, line 2 - as an addition)
If the election was made to expense the cost of qualified refinery property located in Oklahoma on this return, or on a previous year's Oklahoma return, the depreciation deducted claimed on the Federal return for such property must be added back to arrive at Oklahoma taxable income. This addition must be made regardless of whether the expense is claimed on the partnership return or allocated to its owners.

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• The election to allocate expense to owners
The refinery may elect to allocate all or a portion of the deduction to its owners. The allocation for each person is equal to the ratable share of the total amount allocated, determined on the basis of the ownership interest of the person. If this election is made, such portion of the cost of the qualified refinery property is not deducted as an expense on Form 514. Each owner reports their allowable share of the deduction on the designated line on their own income tax return. The refinery must attach a schedule stating the qualified refinery property(ies), the date(s) placed in service, the total cost being expensed, and the portion of such expense allocated to each owner, including the owner's name and Federal identification number.

If you are the Owner -
(Part Two, Column B, line 20, or Part Four, line 6 - as a deduction)
Deduct the portion of the cost of the qualified refinery property allocated to you as an owner in the refinery. Attach a schedule stating the refinery/company name and Federal identification number, the qualified refinery property(ies), the date(s) placed in service, and the portion of cost allocated to you.

Cost of Complying with Sulfur Regulations...

(Title 68 O.S. Section 2357.205)

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

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

If you are the Owner -
(Part Two, Column B, line 20, or Part Four, line 6 - as a deduction)
Deduct the portion of the cost of complying with sulfur regulations which have been allocated to you. Attach the written notice of the allocation received from the refinery.

(continued on page 6)

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.

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 years in which the Federal credit is allowed, even if not used in such year because of tax liability limitations. Enclose a copy of the Federal return, Form 8845 and if applicable, Form 3800.

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.

Rents and interest expenses paid to a captive real estate investment trust and deducted on your Federal return must be added back on Column B, Line 7 to compute Oklahoma distributable income.

Partnerships with the Federal Indian Employment Credit should refer to the "Indian Employment Exclusion" section on this page.

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 this page.

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-1s 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 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.

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 6. 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 Bond 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.

1) Income from all bonds, notes or other obligations issued by the State of Oklahoma, the Oklahoma Capital Improvement Authority, the Oklahoma Municipal Power Authority, the Oklahoma Student Loan Authority, and the Oklahoma Transportation Authority (formerly Turnpike Authority) is exempt from Oklahoma income tax. The profit from the sale of such bond, note or other obligations shall be free from taxation.

2) Income from local Oklahoma governmental obligations issued after July 1, 2001, other than those provided for in 1, is exempt from Oklahoma income tax. The exceptions are those obligations issued for the purpose of providing financing for projects for nonprofit corporations. Local governmental obligations shall include bonds or notes issued by, or on behalf of, or for the benefit of Oklahoma educational institutions, cities, towns, or counties or by public trusts of which any of the foregoing is a beneficiary.

3) Income from Oklahoma State and Municipal Bonds, issued prior to July 2, 2001, other than those provided for in 1, is exempt from Oklahoma income tax only if so provided by the statute authorizing their issuance.

4) Income on bonds issued by another state or political subdivision thereof (non-Oklahoma), exempt from Federal taxation, is taxable for Oklahoma income tax.

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

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

Line 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 income is from a mutual fund which invests in U.S. Government obligations, enclose documentation from the mutual fund to substantiate the percentage of income derived from obligations exempt from Oklahoma tax. Interest from entities such as FNMA & GNMA does not qualify.

Line 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 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. Oklahoma distributable net income is figured by adding separately allocated Oklahoma income with net Oklahoma apportioned income. Title 68 O.S. Section 2358.

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.

Rents and interest expenses paid to a captive real estate investment trust and deducted on your Federal return must be added back to compute Oklahoma distributable income.

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 6.

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 6.

Electronic Payments Accepted through OTC Website

Paper checks are not your only option for payments. Electronic payments are accepted on the Oklahoma Tax Commission website at www.tax.ok.gov. Click on "Payment Options" to view all available payment systems.

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/Federal Identification Numbers and addresses of the partners, and extend in the 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 pages 9-11.

A complete copy of the Federal Partnership Return is required.

Oklahoma Credits and 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 in Part One.

Withholding

Enter and describe each partner's share of Oklahoma withholding. The partnership must enclose the Form 500-A, Form 500-B, Form 1099-MISC, Schedule K-1 (if separately stated) 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 to each partner. Each partner must enclose documentation with their Oklahoma income tax return to substantiate 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.

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 are a web search portal (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 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).

Need a form or have a tax question after hours?
No problem.

Visit our website at **www.tax.ok.gov** for all your tax needs 24 hours a day, seven days a week.

Line 5
Credit for Biomedical Research Contribution
A credit is allowed to any taxpayer who makes a donation to a qualified independent biomedical research institute. The credit is 50% of the amount donated, but may not exceed $1,000. Any credit allowed, but not used, will have a four year carryover provision. An "independent biomedical research institute" means an organization which is exempt from taxation under the Internal Revenue Code section 501(c)(3) whose primary focus is conducting peer-reviewed basic biomedical research. The organization shall have a board of directors, be able to accept grants in its own name, be an identifiable institute that has its own employees and administrative staff, and receive at least $15 million in National Institute of Health funding each year. A copy of the canceled check or receipt must be provided as proof of the donation. Title 68 O.S. Section 2357.45.

Line 6
Other Credits
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...
Enclose Form 518-A. 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

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 ...
Title 68 O.S. Section 2357.41 and Rule 710:50-15-108

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

Rural Small Business Capital Credit...
Enclose Form 526-A. Title 68 O.S. Section 2357.71-2357.76 and Rule 710:50-15-87

Credit for Electricity Generated by Zero-Emission Facilities...
Title 68 O.S. Section 2357.32A

Credit for Financial Institutions Making Loans Under the Rural Economic Development Loan Act...
Title 68 O.S. Section 2370

Credit for Manufacturers of Small Wind Turbines...
Title 68 O.S. Section 2357.32B and Rule 710:50-15-92

Credit for Qualified Ethanol Facilities...
Title 68 O.S. Section 2357.66 and Rule 710:50-15-106

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

(continued on page 11)

Specific Line Instructions for Determining Distributive Income

Credit for Qualified Biodiesel Facilities...
Title 68 O.S. Section 2357.67 and Rule 710:50-15-98

Film or Music Project Credit...
Enclose Form 562. Title 68 O.S. Section 2357.101 and Rule 710:50-15-101

Credit for Breeders of Specially Trained Canines...
Title 68 O.S. Section 2357.203 and Rule 710:50-15-97.

Credit for Wages Paid to an Injured Employee...
Title 68 O.S. Section 2357.47 and Rule 710:50-15-107.

Credit for Modification Expenses Paid for an Injured Employee...
Title 68 O.S. Section 2357.47 and Rule 710:50-15-107.

Dry Fire Hydrant Credit...
Title 68 O.S. Section 2357.102 and Rule 710:50-15-99.

Credit for the Construction of Energy Efficient Homes...
Title 68 O.S. Section 2357.46 and Rule 710:50-15-104.

Credit for Railroad Modernization...
Title 68 O.S. Section 2357.104 and Rule 710:50-15-103.

Research and Development New Jobs Credit...
Enclose Form 563. Title 68 O.S. Section 54006 and Rule 710:50-15-105.

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.

Do not include on this line any withholding paid for your nonresident partners on Form OW-9-EW or Form OW-9-C. Such withholding will be reported to your nonresident partners on Form 500-B. If the nonresident partner elects to be included in the composite return, their share of such withholding will be reported on Line 11 "Oklahoma Withholding".

Don't forget to sign your tax return and make a copy for your records.

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, or Form 500-B 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 finished, double check all calculations.
- When complete, make copies of all the documents for your records.
- Do not enclose any other tax reports or correspondence in your envelope other than those documents and schedules required for this return.
- Paper checks are not your only option for payments. Electronic payments are accepted on the Oklahoma Tax Commission website at www.tax.ok.gov. Click on "Payment Options" to view all available payment systems.
- Do not forget to sign your return.
- Mail 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 the Oklahoma Tax Commission. 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.

How to Contact the Oklahoma Tax Commission

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

Visit Us on the Web!

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

www.tax.ok.gov

Office Locations!

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

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

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

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

Give Us a Call!

The Oklahoma Tax Commission can be reached at **(405) 521-3160**.
The in-state toll free number is **(800) 522-8165**.
Press "0" to speak to a representative. Also see the box to the left for field office phone numbers.

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

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

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

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

State of Oklahoma

PARTNERSHIP INCOME TAX RETURN

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

! If this is an Amended Return check here ☐

FORM **514** 2008

For the year January 1 - December 31, 2008, or other taxable year beginning _____, 2008 ending _____, _____.

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

Principal Accounting Records Location:	**Important Notice**
Telephone Number and Area Code:	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.

Enter number of partners: _____ Note: An Oklahoma return must be filed by all partnerships having Oklahoma source income.

Enter total amount of Oklahoma Net Distributable Income (Part 3, Column B, line 15): _____

PART 1: TAX COMPUTATION FOR NONRESIDENT COMPOSITE FILERS ONLY

If this is a final return, check here: ☐

➔ 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.

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

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	2008 Oklahoma estimated tax payments (from Form OW-8-ESC only)		9	00	
10	Amount paid with extension request		10	00	
11	Oklahoma withholding (enclose Forms 1099, 500-A , 500-B, etc.)		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 2009 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 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, this declaration is based on all information of which they have 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 ( )

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 As reported on Federal Return		Column B Total applicable to Oklahoma	
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 sch.)	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
	(Note: 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

Note: Enclose a complete copy of your Federal return.

		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: Officer 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)			%

PART 5: ALL PARTNERSHIPS MUST COMPLETE PART 5 OR MAY ENCLOSE THE FEDERAL K-1S IF OKLAHOMA INFORMATION IS STATED SEPARATELY ON THE FEDERAL K-1.

A Name and address of each partner	B Social Security Number or FIN	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, Form 500-A: 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: 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

FORM **514-PT** 2008

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

Name of Partnership	Federal Identification Number

1	2	3	4	5	6
Name	**ID Number**	**Filing Status** (Individuals Only)	**Federal Distributive Income** From Form 514, Part 5: Column C plus Column E minus Column G	**Oklahoma Additions and Subtractions** See instructions Attach schedule	**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		7		8	9	10	11	12
Distributive Income from All Sources (Repeat each entry from Column 6 above)	-	**Oklahoma Standard Deduction** Individuals only See instructions	=	**Taxable Income** Column 6a minus Column 7	**Base Tax** See instructions	**Oklahoma Distributive Income** From Form 514, Part 5: Column D plus Column F minus Column H and Form 561P	**Tax %** Column 10 divided by Column 6a	**Oklahoma Nonresident Tax** See instructions
a)	-		=				%	
b)	-		=				%	
c)	-		=				%	
d)	-		=				%	
e)	-		=				%	
f)	-		=				%	
g)	-		=				%	
h)	-		=				%	
i)	-		=				%	

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

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

514-PT: Partnership Composite Income Tax Supplement Instructions (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. (see Rule 710:50-19-1 for additional detail)

Oklahoma Capital Gain Deduction Information:
(Form 514-PT, Column 5 and Column 10)
Nonresident partners electing to be included in the composite return can deduct qualifying gains receiving capital treatment which are included in Federal taxable income. "Qualifying gains receiving capital treatment" means the amount of the net capital gains, as defined by Internal Revenue Code Section 1222(11). The qualifying gain must:

1) Be earned on real or tangible personal property located within Oklahoma that you have owned, indirectly, for at least five uninterrupted years prior to the date of sale;

2) Be earned on the sale of stock or ownership interest in an Oklahoma headquartered company, limited liability company, or partnership where such stock or ownership interest has been owned, indirectly, by you for at least three (two for individuals) uninterrupted years prior to the date of sale; or

3) Be earned on the sale of real property, tangible personal property or intangible personal property located within Oklahoma as part of the sale of all or substantially all of the assets of an Oklahoma company, limited liability company, or partnership where such property has been directly or indirectly owned by such entity or owned by the owners of such entity, and used in or derived from such entity for a period of at least three uninterrupted years (two for individual) prior to the date of the sale.

Enclose a Form 561-P for each such nonresident partner and a copy of the partnership's Federal Schedule D.

Note: Resident partners and nonresident partners not electing to be included in the composite return will compute their capital gain deduction on their Oklahoma income tax return.

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, Oklahoma Capital Gains Deduction, 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. When the filing status is married filing joint or qualifying widow(er), the standard deduction is $6,500. When the filing status is head of household, the standard deduction is $4,875. When the filing status is single or married filing separate, the standard deduction is $3,250. Trusts do not complete this column.

Note: The maximum standard deduction for partners filing a joint Federal return is $6,500 for both partners combined. Each partner is not allowed to deduct $6,500 when computing his/her Oklahoma taxable income.

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	255.00	5.00%	12,200
15,000	& above	395.00	5.50%	15,000

Single and Married Separate Filers and 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	7,200	79.50	4.00%	4,900
7,200	8,700	171.50	5.00%	7,200
8,700	& above	246.50	5.50%	8,700

Column 10 - Combine the amounts from Form 514, Part 5, Columns D, F, and H and the amount from Form 561-P, Column G, line 7. 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 - Combine the amounts from Form 514, Part 5, Columns D, F, and H and the amount from Form 561-P, Column G, line 7. 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 J and K

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

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