



# 2000 OKLAHOMA INCOME TAX FORMS AND INSTRUCTIONS FOR PARTNERSHIPS

## Packet contains:

- Instructions for completing the Form 514
- Two 514 partnership income tax forms
- One return envelope

## Filing date:

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

## Need assistance or have a tax question?

- Phone, fax, e-mail, web or in-person, there are many ways to reach us! Check out page 7 for all the options!

***“Form 511CR?  
Where do I get  
that?”***

## Visit our web site!

Download income and business tax forms  
anytime day or night!

Many common tax questions can also be  
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# 2000 OKLAHOMA PARTNERSHIP INCOME TAX

Dear Oklahoma Taxpayer,

Enclosed within this booklet is the Form 514: Oklahoma Partnership Income Tax Return, instructions and a return envelope. Please be aware that all references to “partnerships” and “partners” also apply to Limited Liability Companies and their members. If you need a different or additional form, please contact us in one of the ways listed on page seven.

If you have any questions about filing your Oklahoma partnership income tax return, please call Taxpayer Assistance at **(405) 521-3160**. Our **Taxpayer Assistance Division**, available at all of our locations, is also ready to assist you with your tax needs. Also, be sure and visit our web site next time you are online. Many common tax questions can be answered on our site. Our web address is **www.oktax.state.ok.us** and e-mail options are also available on our site.

## HELPFUL HINTS

- Your Oklahoma partnership income tax return is due on the same date as your Federal return.
- Be sure to sign and date the return.
- If you have any questions, please do not hesitate to contact us in one of the ways listed on page seven of this booklet.

Sincerely,

Robert E. Anderson, Chairman  
Oklahoma Tax Commission

## 2000 FORM 514: GENERAL FILING INFORMATION

### GENERAL INFORMATION...

Title 68, O.S.

Returns by Partnerships.

Returns by Limited Liability Companies (LLC's) and Limited Liability Partnerships (LLP's).

Any reference to partnership partners in the instruction 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 2000 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, P. O. 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 and Federal business codes shall be the same.

### INFORMATION AT SOURCE...

Every partnership making payments of salaries, wages, premiums, annuities or other periodical gains, profits or income, amounting to \$750 or over, 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.

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**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.

**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.

**ALLOCABLE INCOME OR LOSS...**

Part One, Column A and Part Four, Column A is to be completed by all partnerships.

Part One, Column B is 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 Two 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. (Section 2358 (A) (4) and Section 2358 (A) (5) of the Oklahoma Statutes Title 68). 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.

**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, but 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.

(continued on page 4)



## PART ONE

**Lines 1-15, Column A:**

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

**Lines 1-15, Column B:**

Partnerships whose business is oil and gas production, mining, farming, or rental within and without Oklahoma shall complete this column on a direct accounting basis. Computation of Oklahoma partnership income of a UNITARY enterprise whose income is partly within and partly without Oklahoma shall complete Part Two using the Apportionment formula before completion of Column B.

## PART ONE • 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 4, Part Four, 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**

Business interest income shall be allocated to Oklahoma on the basis of direct expense, see line 1 above. All other intangible income (loss) shall be allocated in accordance with the situs of the partnership.

**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 is exempt only if so provided by the statute authorizing their issuance. All out-of-state municipals are taxable.

**Line 4c**

Interest on U.S. Government Obligations: If you report interest on bonds, notes, and other obligations of the U.S. on your Federal return, it may be excluded from your Oklahoma income, if a detailed schedule is furnished, accompanied with 1099's showing the amount of interest income and the name of the obligation from which the interest is earned. If the interest is from a mutual fund which invests in government obligations, enclose a detailed schedule from the mutual fund showing the amount of monies received from each 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.

**Line 5**

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

**Lines 8 through 13**

Expenses relative to the income above shall be allocated directly to that income. Allowable oil and gas depletion and guaranteed payments will be stated in Part Three.

## PART TWO

Part Two is to be used by Partnerships conducting a business within and without the state of Oklahoma which must be apportioned (see general instructions).

**Line 1**

Enter Net Distributable Income from Page 1, Part One, 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.

(continued on page 5)

**Line 4**

Total apportionable income.

**Line 5**

Apportionment Factor from Apportionment Schedule.

**Line 6**

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

**Line 7**

Oklahoma distributable income. Place this figure on Page 1, Part One, Column B, Line 15b.

### PART THREE

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

**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 One.

**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 3, Part Three, 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.

**A complete copy of the Federal Partnership Return is required in order to provide a Balance Sheet and Partners' Capital Account.**

**OKLAHOMA PARTNERSHIP CREDITS...**

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

**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, Section 2357.4

**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, Section 2357 (C)

See below for a list of the credits available on Form 511CR. Form 511CR can be obtained by calling our forms request line at (405) 521-3108 or from our website at [www.oktax.state.ok.us](http://www.oktax.state.ok.us).

**Credit for Conversion of a Motor Vehicle to Clean Burning Fuels or for Investment in Qualified Electric Motor Vehicle Property...**

Title 68, Section 2357.22

**Solar Energy Credit  
Wind or Photovoltaic Energy Systems...**

Enclose Form 508.  
Title 68, Section 2357.32

**Hazardous Waste Control...**

Title 27A, Section 2-11-303

**Venture Capital Credit...**

Title 68, Section 2357.78

**Energy Assistance Fund Contribution...**

Title 68, Section 2357.6

**Small Business Capital Credit...**

Enclose Form 527-A  
Title 68, Section 2357.60-2357.65

**Oklahoma Agricultural Producers Credit...**

Enclose Form 520  
Title 68, Section 2357.25

(continued on page 6)

**Small Business Guaranty Fee Credit...**

Enclose Form 529  
Title 68, Section 2357.30 or  
Title 68, Section 2370.1

**Credit for Employers Providing Child Care Programs...**

Title 68, Section 2357.26.

**Credit for Entities in the Business of Providing Child Care Services...**

Title 68, Section 2357.27

**Credit for Commercial Space Industries...**

Title 68, Section 2357.13

**Credit for Nonstop Air Service from Oklahoma to the Coast...**

Title 68, Section 2357.28

**Credit for Tourism Development...**

Title 68, Section 2357.34-2357.40

**Credit for Food Service Establishments that Pay for Hepatitis A Vaccinations for their Employees...**

Title 68, Section 2357.33

**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 for some reason you do not have a pre-addressed return envelope, please address your return and payment to:  
**Oklahoma Tax Commission  
Income Tax  
P.O. Box 26800  
Oklahoma City, OK 73126-0800**
- If you have any questions about your return, please contact us. See page seven of this booklet for contact information.

**REACH US  
FROM ALL  
POINTS  
ON THE  
GLOBE!**

No matter where you are in the world, the Oklahoma Tax Commission is reachable. Whether by fax, internet or phone, you can reach us for assistance, forms or questions.

Our web site at [www.oktax.state.ok.us](http://www.oktax.state.ok.us) offers downloadable income tax and business tax forms, tax rules, assistance options, e-mail links for questions as well as a great deal of tax information in an easy to find format for all your tax needs.



We also offer the FaxBack forms system that will fax your requested form within the hour on an automated system available 24 hours a day, 7 days a week.

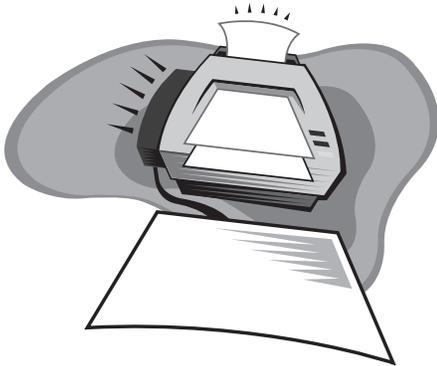
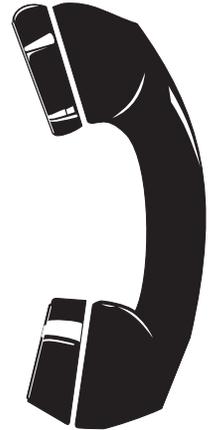
Please see page 7 for all the ways to contact us for all your Oklahoma tax needs.

## NEED ASSISTANCE? HOW TO REACH US...

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

### CALL US!

The Oklahoma Tax Commission can be reached at **(405) 521-3160** for general assistance and **(405) 521-3251** for partnership tax assistance. The in-state toll free number is **(800) 522-8165, extension 1-3160** for general assistance and **extension 1-3251** for partnership assistance. The representative on the other end of the line is ready to assist you with all your tax needs. Also see below for other location phone numbers.



### FAXBACK SERVICE!

Various forms can be faxed to you 24 hours a day, 7 days a week, by calling **(405) 522-0465**.

### VISIT US ON THE WEB!

Downloadable forms, answers to common questions, and a variety of other tax information is available on our web site. You can even e-mail us from any location on our site. Direct e-mails should be sent to: **otcmaster@oktax.state.ok.us**  
Our web site address is **www.oktax.state.ok.us**



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

**Oklahoma City:** 2501 N. Lincoln Blvd. **(405) 521-3160**  
**Oklahoma City:** Shepherd Mall, NW 23rd and Villa  
**Tulsa:** 440 South Houston, 5th Floor **(918) 581-2399**  
**Ardmore:** 301 West Main, Suite 316 **(580) 226-4636**  
**Lawton:** 1602 NW Lawton Ave., Suite B **(580) 248-8440**  
**McAlester:** 1533 South Main **(918) 426-0777**

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

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

**Bulk Rate  
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Oklahoma City, OK 73194**



# PART 2: COMPUTATION OF OKLAHOMA TAXABLE INCOME OF A UNITARY ENTERPRISE WHOSE INCOME IS PARTLY WITHIN AND PARTLY WITHOUT OKLAHOMA

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

## APPORTIONMENT FORMULA

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

**Note: Enclose a complete copy of your Federal return.**

**PART 3:** ALL PARTNERSHIPS MUST COMPLETE PART 3 OR MAY ENCLOSE THE FEDERAL K-1'S IF OKLAHOMA INFORMATION IS STATED SEPARATELY ON THE FEDERAL K-1.

**PARTNERS SHARE OF INCOME**

Name and Address of Each Partner	Social Security Number	Distributable Federal Income	Distributable Oklahoma Income (see instructions)	Guaranteed Payments to Partners		Allowable Oil and Gas Depletion	
				Federal	Oklahoma	Federal	Oklahoma
1							
2							
3							
4							
5							
6							
7							
8							

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

**OKLAHOMA PARTNERSHIP CREDITS**

*Credits available for pass through to partners allowed by Oklahoma statutes. See instructions.*

Name of Partner	Percentage of Partnership Owned	Amount of Credit	Type of Credit	Amount of Credit	Type of Credit
	%				
	%				
	%				
	%				
	%				
	%				
	%				
	%				
	%				
	%				
<b>Total = 100 %</b>					

**Notice:** Forms required to compute credit for Investment/New Jobs Credit (506), Solar Energy Credit (508), Venture Capital Credit (518-A), Small Business Capital Credit (527-A), Small Business Guaranty Fee Credit (529) and Oklahoma Agricultural Producers Credit (520) must be enclosed with partnership return. Schedules or authorization must be furnished to claim any of the other credits.

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

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 or any other member?     Yes     No
6. Enter **Oklahoma Gross Income** from **oil, gas and geothermal** properties: \$ \_\_\_\_\_
7. When is the date business commenced? \_\_\_\_\_
8. What is the principle business activity? \_\_\_\_\_