State of Oklahoma

Oklahoma Capital Gain Deduction for Corporations Filing Form 512

FORM **561C** 2009

(Qualifying Assets Held for the Applicable 3 or 5 Year Period)

Name as Shown on Return	Federal Identification Number

1. List qualifying Oklahoma capital gains and losses, not included on lines 2 through 4 below.

A1. Description of Property / A2. Oklahoma Location/Address or Federal ID Number	B. Date Acquired (mm/dd/yy)	C. Date Sold (mm/dd/yy)	D. Sales Price	E. Cost or Other Basis	F. Gain or (loss) Allocated/Apportioned to Oklahoma
A1)					
A2)					
A1)					
A2)					
A1)					
A2)					
A1)					
A2)					

2. Qualifying Oklahoma net capital gain from sale of business property reported on Federal Schedule D, line 7. Enclose Federal Form 4797	2	
3. Qualifying Oklahoma capital gain from installment sales reported on Federal Schedule D, line 8. Enclose Federal Form 6252	3	
4. Qualifying Oklahoma net capital gain or (loss) from like-kind exchanges reported on Federal Schedule D, line 9. Enclose Federal Form 8824	4	
5. Add amounts in column F on line 1 and lines 2 through 4	5	
6. Qualifying Oklahoma capital loss carryover reported on Federal Schedule D, line 4. (See instructions)	6	
7. Qualifying Oklahoma net capital gain. Subtract line 6 from line 5. (If zero or less, enter "0")	7	
8. Net capital gain apportioned and allocated to Oklahoma	8	
9. **Oklahoma Capital Gain Deduction**. Enter the smaller of lines 7 or 8 here and on Form 512, Schedule A, column B, line 26 or on Schedule B, line 6. (Do not enter less than zero)	9	

Enclose Federal Form 1120, Schedule D

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Title 68 O.S. Section 2358 and Rule 710:50-15-48

General Information

Corporate taxpayers can deduct qualifying gains receiving capital gain treatment which are included in Federal taxable income. "Qualifying gains receiving capital treatment" means the amount of net capital gains, as defined under Internal Revenue Code Section 1222(11). The qualifying gain must be earned:

1. by the corporation on real or tangible personal property located within Oklahoma that has been owned for at least five uninterrupted years prior to the date of the transaction that gave rise to the capital gain;
2. on the sale of stock or an ownership interest in an Oklahoma company, limited liability company, or partnership where such stock or ownership interest has been owned for at least three uninterrupted years prior to the date of the transaction that gave rise to the capital gain; or
3. 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 prior to the date of the transaction that gave rise to the capital gain.

An Oklahoma company, limited liability company or partnership is an entity whose primary headquarters has been located in Oklahoma for at least three uninterrupted years prior to the date of sale.

A capital loss carryover from qualified property reduces the current year gains from eligible property.

Pass-through entities...

Capital gain from qualifying property, as described above, held by a pass-through entity is eligible for the Oklahoma capital gain deduction, provided the corporation has been a member of the pass-through entity for an uninterrupted period of the applicable three or five years and the pass-through entity has held the asset for not less than the applicable three or five uninterrupted years prior to the date of the transaction that created the capital gain. The type of asset sold, as shown in 1-3 above, determines whether the applicable number of uninterrupted years is three or five. The pass-through entity must provide supplemental information to the corporation identifying the pass-through of qualifying capital gains.

Installment sales...

Qualifying gains included in a corporate taxpayer's Federal taxable income for the current year, which are derived from installment sales, are eligible for exclusion provided the appropriate holding periods are met.

Specific Instructions

Lines 1 - 7 are used to determine the qualifying Oklahoma net capital gain. The qualifying Oklahoma net capital gain is the long-term gains from qualifying Oklahoma property minus long-term losses from qualifying Oklahoma property which were allocated or apportioned to Oklahoma. **Line 8** is the net capital gain. Net capital gain is the excess of the net long-term capital gain over the net short-term capital loss allocated or apportioned to Oklahoma. The Oklahoma Capital Gain Deduction cannot exceed this amount.

Note: If less than 100% of a capital gain or loss has been apportioned to Oklahoma, include only such portion in Column F. For example: on Form 512, Schedule B, a corporation apportions 43% of the capital gain/loss to Oklahoma (based on the apportionment formula), it would then include 43% of the gain/loss. However, if 100% of the gain/loss was allocated to Oklahoma, then include 100% of such gain/loss.

Line 1: List qualifying Oklahoma capital gains and losses from the Federal Schedule D, line 6. In Column A, line A1 enter the description of the property as shown in Federal Column A and on line A2 enter either the Oklahoma location/address of the real or tangible personal property sold or the Federal Identification Number of the company, limited liability company or partnership whose stock or ownership interest was sold. Complete Columns B through E using the information from the corresponding columns of the Federal Schedule D. In Column F enter the qualifying Oklahoma capital gain or loss allocated or apportioned to Oklahoma. Do not include gains and losses reported on Form 561C lines 2 through 4.

Line 2: Enter the qualifying Oklahoma net capital gain allocated or apportioned to Oklahoma which was reported on Federal Schedule D, from the Federal Form 4797. Enclose a copy of the Federal Form 4797.

Line 3: If Federal Form 6252 was used to report the installment method for gain on the sale of eligible property on the Federal return, compute the capital gain deduction using the current year's taxable portion of the installment payment which was allocated or apportioned to Oklahoma. Enclose Federal Form 6252. Capital gain from an installment sale is eligible for the Oklahoma capital gain deduction provided the property was held for the appropriate holding period as of the date sold.

Line 4: Enter the qualifying Oklahoma net capital gain or loss allocated or apportioned to Oklahoma which was reported on Federal Schedule D, line 9. Enclose a copy of the Federal Form 8824.

Line 6: Enter the total qualifying Oklahoma capital loss, carried over/back from another year's return, allocated or apportioned to Oklahoma which was reported on Federal Schedule D, line 4.

Line 8: The Oklahoma capital gain deduction may not exceed the portion of the net capital gain allocated or apportioned to Oklahoma. The term "net capital gain" means the excess of the net long-term capital gain for the taxable year over the net short-term capital loss for such year. If there is a net capital loss, enter zero.