

OKLAHOMA CAPITAL GAIN DEDUCTION

**FOR THE NONRESIDENT PARTNER INCLUDED
IN THE COMPOSITE RETURN (FORM 514, PART 1)
(Qualifying Assets Held for the Applicable Holding Period)**

FORM 561-P

Partnership Name as Shown on Return	Federal Identification Number
Name of Nonresident Partner	Social Security Number / Federal Identification Number

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

A1. Description of Property	B. Date Acquired (mm/dd/yy)	C. Date Sold (mm/dd/yy)	D. Sales Price	E. Cost or Other Basis	Partner's Share	
					Federal Amount	Oklahoma Amount
A2. Oklahoma Location or Federal ID Number					F. Gain or (loss)	G. Gain or (loss)
A1)						
A2)						
A1)						
A2)						
A1)						
A2)						
A1)						
A2)						
A1)						
A2)						
A1)						
A2)						
A1)						
A2)						

2. Qualifying Oklahoma capital gain from installment sales reported on Federal Schedule D, line 7. Enclose Federal Form 6252	2		
3. Other qualifying Oklahoma net capital gain or (loss) from like-kind exchanges reported on Federal Schedule D, line 8. Enclose Federal Form 8824	3		
4. Qualifying Oklahoma net capital gain or (loss) from partnerships, estates or trusts reported on Federal Schedule D, line 9. Enclose Federal Schedule K-1	4		
5. Qualifying Oklahoma net capital gain. Add amounts in Columns F and G on line 1 and lines 2 through 4. (If zero or less, enter "0")	5		
6. Net capital gain. (See instructions) (If zero or less, enter "0")	6		
7. Oklahoma Capital Gain Deduction. Enter the smaller of lines 5 or 6. (Do not enter less than zero)	7		

Enclose Federal Form 1065, Schedule D

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

General Information

Taxpayers can deduct qualifying gains receiving capital gain treatment which are included in Federal 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 result from:

1. the sale of 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; or
2. 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 (two for individuals) uninterrupted years prior to the date of the sale.

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.

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 person has been a member of the pass-through entity for an uninterrupted period of the applicable three (two for individuals) or five years and the pass-through entity has held the asset for not less than the applicable three (two for individuals) 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 and 2 above, determines whether the applicable number of uninterrupted years is three (two for individuals) or five. The pass-through entity must provide supplemental information to the member identifying the pass-through of qualifying capital gains.

Installment sales...

Qualifying gains included in Federal distributable income for the current year which are derived from installment sales are eligible for exclusion provided the appropriate holding periods are met.

Specific Instructions

Note: Complete a separate Form 561-P for each nonresident partner whose income is reported on Form 514-PT.

Lines 1 - 5 are used to determine the qualifying Oklahoma net capital gain of a nonresident partner whose income is reported on Form 514-PT. Based on the type of qualifying asset sold the nonresident must have been a partner in the partnership for an uninterrupted period of the applicable three (two for individuals) or five years. On lines 1 - 4, Column F "Federal Amount", enter the nonresident partner's share of the qualifying gain or loss included on the Federal Schedule D. In Column G "Oklahoma Amount" enter the portion of the gain/loss from the Federal Amount column which was allocated or apportioned to Oklahoma. Line 5 is the qualifying Oklahoma net capital gain which is such nonresident partner's share of the long-term gains from qualifying Oklahoma property minus the long-term losses from qualifying Oklahoma property. **Line 6** is the nonresident partner's share of the net capital gain. Column F "Federal Amount" is the excess of the net long-term capital gain over the net short-term capital loss of the nonresident partner whose income is reported on Form 514-PT. Column G "Oklahoma Amount" is the net long-term capital gain over the net short-term capital loss allocated or apportioned to Oklahoma for such nonresident partner. For each column: the Oklahoma Capital Gain Deduction can not exceed this amount.

Note for Column G "Oklahoma Amount": If less than 100% of the capital gain or loss has been apportioned to Oklahoma, include only such portion in Column G. For example: on Form 514, Part 4 a Partnership apportions 43% of a qualifying capital gain/loss to Oklahoma (based on the apportionment formula). Include 43% of the gain/loss attributable to the nonresident partner whose income is reported on Form 514-PT and who has met the holding period. However, if 100% of the gain was allocated to Oklahoma; then include in the Oklahoma Amount column 100% of the gain entered in the Federal Amount column.

**OKLAHOMA CAPITAL GAIN DEDUCTION FOR THE NONRESIDENT PARTNER
INCLUDED IN THE COMPOSITE RETURN (FORM 514, PART 1)**

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

Specific Instructions - continued

Line 1:

List the nonresident partner's share of the qualifying Oklahoma capital gains and losses from Federal Schedule D, line 6. In Column A, line 1A enter the description of the property as shown in Federal Column A and on line A2 enter either the Oklahoma location 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 nonresident partner's share of the qualifying Oklahoma capital gain or loss reported on the Federal Schedule D. In Column G enter the portion of the qualifying Oklahoma capital gain or loss reported in Column F which was allocated or apportioned to Oklahoma. Do not include gains and losses reported on Form 561-P lines 2 through 4.

Line 2:

If Federal Form 6252 was used to report the installment method for gain on the sale of eligible property on the Federal return, in Column F compute the capital gain deduction using the nonresident partner's share of the current year's taxable portion of the installment payment. In Column G enter the portion of the capital gain from an installment sale of eligible property reported in Column F 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 by the partnership for the appropriate holding period as of the date sold. The nonresident partner must also have been a partner in the partnership for the appropriate holding period as of the date sold.

Line 3:

In Column F enter the nonresident partner's share of the qualifying Oklahoma net capital gain or loss reported on Federal Schedule D, line 8. In Column G enter the portion of the capital gain or loss reported in Column F which was allocated or apportioned to Oklahoma. Enclose a copy of the Federal Form 8824.

Line 4:

In Column F enter the nonresident partner's share of the qualifying Oklahoma net capital gain or loss reported on Federal Schedule D, line 9. In Column G enter the portion of the capital gain or loss reported in Column F which was allocated or apportioned to Oklahoma. Enclose a copy of the Federal Schedule K-1 or other information supplied by the other partnership, estate or trust. Enclose a schedule identifying the type and location of the property sold, the date of sale, the uninterrupted holding period of the property by the pass-through entity as of the date of sale, and the uninterrupted period of time the partnership has been a member of the pass-through entity.

Line 6:

In Column F the Oklahoma capital gain deduction may not exceed the nonresident partner's share of the net capital gain included on Federal Schedule K. In Column G the Oklahoma capital gain deduction may not exceed the nonresident partner's share of the portion of the net capital gain apportioned and/or allocated 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. If there is a net capital loss, enter zero.

Line 7:

In Column F enter the smaller of line 5 or 6 here and use the deduction when computing the nonresident partner's Oklahoma Additions and Subtractions on Form 514-PT, Column 5. (Nonresident corporate partners do not enter an amount on Form 514-PT, Column 5) In Column G enter the smaller of line 5 or 6 here and use the deduction when computing the nonresident partner's Oklahoma Distributive Income on Form 514-PT, Column 10.