OKLAHOMA TAX COMMISSION

TAX POLICY AND RESEARCH DIVISION
TONY MASTIN, DIRECTOR

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May 25, 2000

Re: Our file number LR 00-66; Income Tax Reporting Requirements

Dear

This is in response to your inquiry of March 10, 2000 wherein you inquired as to the income tax withholding and reporting requirements for your organization. Following is a restatement of the facts outlined in your letter, the question posed, and our response thereto.

Facts:

The an IRC 501 (c) (3) organization, is conducting the in the state of Oklahoma during . Prize monies totaling will be paid to the nearly participants. The reports to the IRS all prize monies paid using Form 1099 MISC. The IRS does not require the to withhold taxes on the prize monies paid.

Further, per our telephone conversation, the IRS treats the as independent contractors.

Question:

Does the state of Oklahoma require tax withholding and/or income reporting on such payments?

Response:

Per Title 68 Section 2385.1 et seq. withholding is generally required by employers of employees' wages. Since the are not employees, there is no income tax withholding required. Under Title 68 Section 2369, there is a reporting of income requirement analogous

to the federal 1099 reporting requirements.

This response applies only to the circumstances set out in your request of March 10, 2000 and may not be relied upon by any entity other than the addressee. In the event of any change in the facts surrounding the transaction described, this letter ruling would no longer be applicable. You are further advised that subsequent statutory or administrative rule changes or judicial construction of the statutes or rules upon which this advice is based may yield a different result from that which is expressed here.

If I can be of further assistance, please feel free to call me at (405) 521-3133.

Sincerely,

FOR THE OKLAHOMA TAX COMMISSION

Michael C. Kaufmann
Tax Policy Analyst