OKLAHOMA TAX COMMISSION

TAX POLICY AND RESEARCH DIVISION
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October 11, 2000

Re: Our file number LR 00-126; Income and Franchise Tax – Foreign Domiciled Companies.

Dear

This is in response to your inquiry of March 21, 2000 regarding the calculation of Oklahoma corporate income and franchise tax for Following is a restatement of the facts outlined in your letter and the resulting ruling.

Facts

only presence in the state will be the maintenance of raw material inventory on the premises of an unrelated manufacturer. The raw material stored by is bulk active ingredient to be used in the formulation of pharmaceutical tablets. The unaffiliated company will formulate and pack active ingredient and deliver the finished product outside Oklahoma for further handling prior to resale.

is domiciled in and organized under the laws of activities in the United States do not cause it to be engaged in a United States trade or business for federal income tax purposes under the income tax treaty between the United States and the (the "Tax Treaty"). Therefore, is not subject to Federal income tax and does not file a United States federal income tax return, Form 1120 (does file Federal Form 1120-F, U. S. Income Tax Return of a Foreign Corporation, as required under I.R.C. §6114. This return reflects no US taxable income for as provided by the Tax Treaty).

Ruling Request

a. As a result of the application of Articles Y(3) and VII(1) of the Income Tax Treaty does not have U.S. taxable income, therefore, . does not have Oklahoma taxable income.

Based on the facts outlined above and applicable Oklahoma law, does not have Oklahoma taxable income for purposes of the Oklahoma corporate income tax.

b. may determine its Oklahoma franchise tax liability pursuant to Schedule A attached to this Ruling Request.

Yes. The methodology outlined in Schedule A is consistent with the method for capital computation outlined in 68 O.S. § 1209.

This response applies only to the circumstances set out in your request of March 21, 2000. Pursuant to Commission Rule 710:1-3-73(e), this Letter Ruling may be generally relied upon **only** by the entity to whom it is issued, assuming that all pertinent facts have been accurately and completely stated, and that there has been no change in applicable law.

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