# OKLAHOMA TAX COMMISSION

TAX POLICY AND RESEARCH DIVISION
TONY MASTIN, DIRECTOR

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August 23, 2000

Re: Our file Number LR-00-157; Treatment of receivables between a corporation and an LLC.

Dear

This is in response to your inquiry concerning whether a receivable from an LLC can be reported on Line 16C, Inter-company receivables from affiliated companies, on Form 200, Oklahoma Annual Franchise Tax Return.

Line 16C is on the form in order to allow taxpayers to make the calculation allowed by 68 OS Section 1209(b), which reads in part:

> "(b) Advances made by a parent to a subsidiary or by a subsidiary to a parent corporation, organization or association shall be eliminated by both the parent and subsidiary from the calculations necessary to determine the amount of taxable capital employed in the business of either or both the parent and subsidiary."

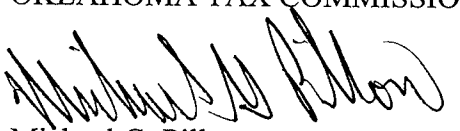
This section of the law has not been amended since 1985, some years before LLC's were recognized by the Oklahoma Statutes. It was not amended when Section 1201 of the Franchise Tax Code was amended to state that that section did not apply to LLC's, in 1993.

Therefore, a receivable from an LLC may not be reported on line 16C, "Inter-company receivables from affiliated companies", on Form 200, Oklahoma Annual Franchise Tax Return.

This response applies only to the circumstances set out in your request of March 7, 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.

Sincerely,
OKLAHOMA TAX COMMISSION



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