OKLAHOMA TAX COMMISSION

TAX POLICY AND RESEARCH DIVISION
TONY MASTIN, DIRECTOR

PHONE (405) 521-3133
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September 19, 2000

Re: Our file number LR 00-192; Income Tax Withholding - Oil & Gas Royalty Income

Dear

This is in response to your inquiry received by our office on September 8, 2000 regarding the provisions of Sections 6-9 of Senate Bill 1048. Following is a restatement of your specific questions, along with our response thereto.

Question 1.

Does the payment apply to overriding royalty interest owners, i.e. the bill states "any individual who retains a non-working interest in oil or gas production"?

Response

Oil and gas royalty payments subject to withholding will be the same as those that are reported as royalties on federal form 1099.

Question 2.

Does the payment apply to entities other than individuals, i.e. corporations, partnerships, etc?

Response

The requirement to withhold is only on royalty payments made to individuals.

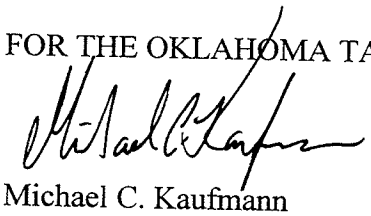
For more information concerning SB 1048, please visit our website at www.oktax.state.ok.us and click on the Hot News icon.

This response applies only to the circumstances set out in your request of September 8, 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