

OKLAHOMA TAX COMMISSION

TAX POLICY AND RESEARCH DIVISION
TONY MASTIN, DIRECTOR

PHONE (405) 521-3133
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August 24, 2001

Re: Our file number LR 01-101; Income Tax - Withholding on oil and gas royalty income

Dear

This is in response to your inquiry of July 11, 2001 wherein you requested information concerning income tax withholding on oil and gas royalty income. You specifically mentioned an exception for Indians.

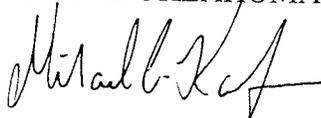
Please be advised that under 68 O.S. § 2385.26 (B) (4), the exception to the withholding for royalty payments made to Indians applies only to payments made to federally recognized Indian tribes. Payments made to individuals do not qualify as an exception to the withholding requirement. I have enclosed a copy of the aforementioned statute for your review.

This response applies only to the circumstances set out in your request of July 11, 2001. 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