

OKLAHOMA TAX COMMISSION

TAX POLICY AND RESEARCH DIVISION
TONY MASTIN, DIRECTOR

PHONE (405) 521-3133
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August 23, 2002

Re: Our file number LR 02-028; Income Tax - Oklahoma's Conformity with the Federal 2002 Job Creation and Workers Assistance Act

Dear

This letter is in response to your inquiry of March 15, 2002 concerning Oklahoma's conformity with the 2002 Job Creation and Workers Assistance Act. Specifically, you inquired as to Oklahoma's adoption of the 30% bonus depreciation rules and the net operating loss (NOL) provisions.

With respect to the bonus depreciation conformity, please be advised that the enactment of HB 1415 partially decoupled Oklahoma from the federally allowed bonus depreciation. This is to apply to C corporations and fiduciary filers only. These entities must add back 80% of any amount of bonus depreciation claimed, and are then able to deduct 25% of the added back amount in each of the following four years. I have attached the legislative change as well as some information from our web site regarding this for your review.

As to the issue of net operating loss carrying periods, 68 O.S. Section 2358 prescribes that the periods for which net operating losses may be carried is made per Section 172 of the Internal Revenue Code. This is effective for losses incurred on or after tax year 2001.

This response applies only to the circumstances set out in your request of March 15, 2002. Pursuant to Commission Rule 710:1-2-73(e), this Letter Ruling may be generally relied upon **only** by the entity to whom it is issued, assuming that all the pertinent facts have been accurately and completely stated, and that there has been no change in applicable law.

If I can be of any further assistance, please feel free to call me at (404) 521-3133.

Sincerely,

FOR THE OKLAHOMA TAX COMMISSION

A handwritten signature in black ink, appearing to read "Michael C. Kaufmann", written over the typed name below.

Michael C. Kaufmann
Tax Policy Analyst