

MEMORANDUM

OKLAHOMA TAX COMMISSION
TAX POLICY AND RESEARCH

DATE: June 25, 2002

SUBJECT: LR 02-95 Bonus Depreciation

TO: Paula Ross, Director - Communications Division

FROM: Michael C. Kaufmann, Tax Policy Analyst

You recently posed the following questions as they relate to the requirement to add back federal bonus depreciation for Oklahoma income tax purposes. Following is a restatement of the questions posed and our response thereto.

Question 1:

Is a corporation electing Subchapter S treatment, filing form 512-S, subject to the bonus depreciation adjustment found under 68 § 2358.6?

Response:

No. Subchapter S corporations do not need to make the adjustment under 2358.6.

Question 2:

Is an LLC who elects corporate tax treatment, filing form 512, subject to the bonus depreciation adjustment found under 68 § 2358.6?

Response:

No. LLC's (Limited Liability Companies) are not corporations subject to the adjustment under 2358.6.

Question 3:

An LLC elects to be treated as a partnership, filing form 514. The LLC takes the bonus

depreciation on their federal return. A fiduciary is a member of the LLC. Is the fiduciary subject to the bonus depreciation adjustment found under 68 § 2358.6 on the income flowing from the LLC?

Response:

No. The LLC places the asset in service and claims the bonus depreciation. The fiduciary has no depreciation to add back.

I trust this information is helpful. If I can be of additional assistance, please call me at 522-5927.
