

OKLAHOMA TAX COMMISSION

TAX POLICY AND RESEARCH DIVISION
TONY MASTIN, DIRECTOR

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September 20, 2002

Re: Our file number LR 02-150; Income Tax - Treatment of Employer Provided Fringe Benefits.

Dear

This is in response to your inquiry of August 9, 2002 in which you requested guidance concerning Oklahoma's income tax treatment of certain employer provided fringe benefits. You specifically inquired as to the treatment of 1) Group-term life insurance; 2) Moving expense reimbursements; and 3) Educational assistance.

Generally, for Oklahoma income tax purposes, the starting point in computing Oklahoma taxable income is federal adjusted gross income (FAGI). As such, amounts not included FAGI are usually not subject to Oklahoma income tax. There are some exceptions to this, most notably interest from non-Oklahoma municipal bonds, which are not subject to federal income tax, but are taxable in Oklahoma.

Group-term life insurance, moving expense reimbursements, and education assistance, to the extent not taxed for federal income tax purposes are not subject to Oklahoma income tax.

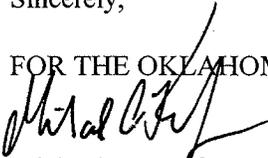
With regards to withholding, the items that are subject to federal income tax and federal income tax withholding would also have an Oklahoma withholding requirement (68 O.S. § 2385.1 (e)).

This response applies only to the circumstances set out in your request of August 9, 2002. 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

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IT IS OUR MISSION TO SERVE THE PEOPLE OF OKLAHOMA BY PROMOTING TAX COMPLIANCE THROUGH QUALITY SERVICE AND FAIR ADMINISTRATION