OKLAHOMA TAX COMMISSION

TAX POLICY AND RESEARCH DIVISION
TONY MASTIN, DIRECTOR

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July 2, 2003

Re: Our file number LR 03-119; Income Tax - Survey Regarding Various Income Tax Deductions, Exemptions and Credits.

Dear

This is in response to your inquiry of June 16, 2003 wherein you requested information on a variety of Oklahoma income tax deductions, exemptions and credits. Following is a brief description of the deductions, exemptions and credits you inquired about. Please be advised that the descriptions of these items are applicable for tax year 2003.

Qualifying Disability Deduction

If you have a physical disability constituting a substantial handicap to employment, you may deduct the expense incurred to modify a motor vehicle, home, or work place necessary to compensate for the disability.

Oklahoma or Federal Government Retirement Exclusion

Each individual, may exclude his/her retirement benefits, up to $5,500, but not to exceed the amount included in the Federal Adjusted Gross Income. The total exclusion from all retirement benefit plans may not exceed $5,500 per retiree. The retirement benefits must be received from the following: the Civil Service of the United States, any component of the Armed Forces of the United States, the Oklahoma Public Employees Retirement System of Oklahoma, the Oklahoma Teacher's Retirement System, the Oklahoma Law Enforcement Retirement System, the Oklahoma Firefighters Pension and Retirement System, the Oklahoma Police Pension and Retirement System, the Employee retirement systems created by counties pursuant to Sections 951 et seq. of Title 19 of the Oklahoma Statutes, the Uniform Retirement System for Justices and Judges, the Oklahoma Wildlife Conservation Department Retirement Fund, the Oklahoma Employment Security Commission Retirement Plan, or the Employee retirement systems created by municipalities pursuant to Sections 48 - 101 et seq. of Title 11 of the Oklahoma Statutes.

Partial Military Pay Exclusion

Oklahoma residents who are members of any component of the Armed Services may exclude the first $1,500, of their active military pay. This includes Reserve & National Guard pay.

Oklahoma Income Tax Exemption for the Blind

An additional exemption of $1,000 may be claimed for each taxpayer or spouse who is legally blind.

Oklahoma Property Tax Relief for Elderly and Disabled Residents

Any person 65 years of age or older or any totally disabled person who is head of a household, a resident of and domiciled in this state during the entire preceding calendar year, and whose gross household income for such year does not exceed $12,000, may file a claim for property tax relief on the amount of property taxes paid on the household occupied by such person during the preceding calendar year. The credit may not exceed $200 annually.

Oklahoma Sales Tax Relief/Credit

To file for sales tax relief, you must be an Oklahoma resident and live in Oklahoma for the entire year. Total gross household income cannot exceed $12,000. The amount of the credit is $40.00 per allowable exemption

This response applies only to the circumstances set out in your request of June 16, 2003. 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