

OKLAHOMA TAX COMMISSION

TAX POLICY AND RESEARCH DIVISION
TONY MASTIN, DIRECTOR

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December 11, 2003

Re: Our file number LR 02-258; Income Tax Withholding - Pass Through Entities

Your inquiry of September 25, 2003 addressed to Chairman Kemp has been forwarded to me for a response. Please accept my apologies for the delay in replying.

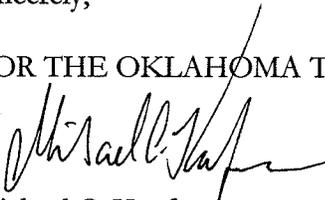
In your letter you indicated that the ("Trust") is already subject to withholding which is not passed though to the beneficiaries. I am making the assumption that the withholding on the Trust level is based on Oklahoma oil and gas royalties. Please be advised that we have promulgated Oklahoma Tax Commission Emergency Rule 710:90-3-11 that exempts pass through entities from the withholding requirements if the distribution has had income tax withheld based on Oklahoma oil and gas royalty income. I have enclosed a copy of the emergency rule for you to review.

This response applies only to the circumstances set out in your request of September 25, 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

Cc: Thomas Kemp - Chairman, Oklahoma Tax Commission

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