OKLAHOMA TAX COMMISSION

TAX POLICY AND RESEARCH DIVISION
TONY MASTIN, DIRECTOR

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September 29, 2004

Re: Our File Number LR-04-156; Requirement to file and pay Franchise Tax

This is in response to your inquiry concerning whether the partners of a Texas limited partnership, which are themselves corporations, are required to file a franchise tax return and pay franchise tax if the only conduct of business in Oklahoma by the corporations is through their partnership interest.

The Franchise Tax Code, 68 O.S. Section 1201, et seq., applies to every corporation qualified to do business or doing business in the State of Oklahoma in a corporate capacity, and specifically includes corporations organized under the laws of a state other than Oklahoma.

"Doing Business" is defined under the Code at 68 O.S. Section 1202, as "each and every act, power or privilege exercised or enjoyed in this State, as an incident to, or by virtue of the powers and privileges acquired by the nature of such organizations, as are numerated in the preceding section."

Therefore, the corporations, which are conducting business in Oklahoma through their partnership interest, are subject to franchise tax in Oklahoma.

This response applies only to the circumstances set out in your request of June 29, 2004. 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 contact me.

Sincerely,
OKLAHOMA TAX COMMISSION