OKLAHOMA TAX COMMISSION

TAX POLICY DIVISION
DAWN CASH, DIRECTOR

PHONE (405) 521-3133
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April 25, 2007

Re: Our file number LR 07-44; Income Tax - Survey Regarding R&D Credits

Dear

This is in response to your inquiry of March 26, 2007 regarding what you described as Oklahoma's innovation tax incentives (e.g. R&D credits). You specifically inquired as to any existing documents describing Oklahoma's state innovation tax incentives.

Please be advised that Oklahoma does not have a separate "innovation" (R&D) tax incentive in the traditional sense. We do have a targeted tax credit for the creation of certain R&D type jobs found in 68 O.S. § 54006. I have enclosed a copy of Oklahoma Tax Commission form 563 which is the form used to claim the credit.

To the extent that any R&D expenses are deductible in determining federal taxable income, they would also be deductible for Oklahoma income tax purposes since our starting point for calculating Oklahoma taxable income is federal taxable income. This is not, however, an additional deduction

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