OKLAHOMA TAX COMMISSION

TAX POLICY DIVISION
DAWN CASH, DIRECTOR

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October 2, 2007

Re: Our file number LR 07-147; Income Tax - Commissioned Corps of the United States Public Health Service

Dear

This is in response to your inquiry of September 14, 2007 wherein you requested a ruling concerning the Oklahoma military income exclusion, as well as the Oklahoma retirement exclusion. What follows is verbatim your facts and requested ruling and our response thereto.

FACTS:

Our association has received many inquiries regarding income tax provisions of the Oklahoma tax code. Our Oklahoma members want to know if USPHS Commissioned Corps, which is one of the seven federal uniformed services, falls within Oklahoma's definition of military.

REQUESTED RULINGS:

1) I have before me chapter 50 of the Oklahoma Tax Code. In part 5, I am looking at 710:50-15-49. Deduction for retirement income. With reference to special rule (g), may we assume that the phrase, "Any component of the Armed Forces of the United States" includes the USPHS Commissioned Corps?

   Yes. The Commissioned Corps of the United States Public Health Service (USPHS) is considered a component of the Armed Forces of the United States eligible for the military retirement exclusion.

2) I am also looking at 710:50-15-51. Military pay of non-residents. It says that military pay earned in Oklahoma by non-resident personnel stationed there while on active duty is exempt from Oklahoma income tax. Again, may we assume that the phrase, "Any component of the Armed Forces of the United States" includes the USPHS Commissioned Corps?

Yes. As outlined above, we consider the Commissioned Corps of the United States Public Health Service (USPHS) a component of the Armed Forces of the United States. As such, military income earned by non-resident personnel stationed in Oklahoma while on active duty is exempt from Oklahoma income tax.

This response applies only to the circumstances set out in your request of September 14, 2007. 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

Michael C. Kaufmann
Tax Policy Analyst