OKLAHOMA TAX COMMISSION

TAX POLICY DIVISION
DAWN CASH, DIRECTOR

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December 23, 2008

Re: LR 08-178; Income Tax Filing Requirement

Dear

This is in response to your inquiry of December 17, 2008 wherein you requested a ruling concerning corporate income tax. What follows is verbatim your facts and the questions posed and our response thereto.

FACTS:

a leading provider of tax information and research products, is collecting information from state tax agencies to determine whether the ownership of interests in pass-through entities creates income tax nexus. This information will be provided to tax professionals who use the company s state tax research products. Can you please answer the questions below and provide references to applicable statutory, regulatory, administrative, and case authority or guidelines?

QUESTIONS:

1. Does the ownership of a general interest in a pass through entity doing business in Oklahoma create nexus for purposes of Oklahoma corporate income tax?

2. Does the ownership of a limited interest in a pass through entity doing business in Oklahoma create nexus for purposes of Oklahoma corporate income tax?

OTC RESPONSE:

Yes, under both circumstances. Per Oklahoma Tax Commission rule 710:50-17-1, the filing requirement for any corporation "...doing business within or deriving income from sources within Oklahoma is required to file an Oklahoma Corporation Income Tax Return, whether or not a tax is due." Under OTC rules 710:50-19-1 and 710:50-21-1, partnerships and Subchapter S corporations determine the Oklahoma distributive share of income to report to the partners or shareholders.

This response applies only to the circumstances set out in your request of December 17, 2008. 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,

OKLAHOMA TAX COMMISSION

Michael C. Kaufmann
Tax Policy Analyst