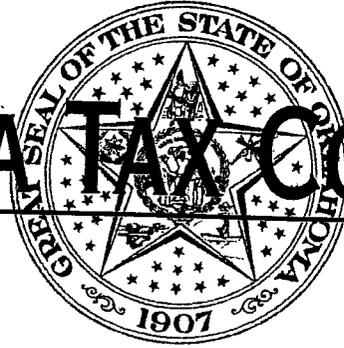


# OKLAHOMA TAX COMMISSION

TAX POLICY DIVISION  
RICK MILLER, DIRECTOR

PHONE (405) 521-3133  
FACSIMILE (405) 522-0063



May 9, 2013

Re: LR 13-028

Dear

This is in response to your inquiry dated April 22, 2013 wherein you requested a ruling concerning Oklahoma tax withholding on prize money. What follows is verbatim your facts and requested ruling and our response thereto.

**Facts:**

The \_\_\_\_\_, an IRC 501(c)(3) organization, is conducting the \_\_\_\_\_  
Edmond, Oklahoma during \_\_\_\_\_ 2014.

Prize monies totaling approximately \$2.75 million will be paid to nearly 160 participants. The \_\_\_\_\_ reports to the IRS all prize monies paid using Form 1099 MISC. The IRS does not require the \_\_\_\_\_ to withhold taxes on the prize monies paid.

Please advise, at your earliest convenience, as to whether the State of Oklahoma requires tax withholding and/or income reporting on such payments. If you are aware of any local taxes that may apply, please let me know.

**Response:**

The State of Oklahoma will not require tax withholding on the above mentioned payments. Because the participants will be considered contractors and not employees of the \_\_\_\_\_, pursuant

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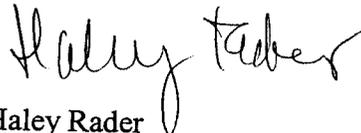
to OAC 710:90-1-2, the payments will not be considered wages and therefore do not require withholding. Pursuant to 68 O.S. §2369, the USGA is only required to report to Oklahoma the prize monies paid using a Form 1099-MISC. The individual players will need to report any income earned in Oklahoma.

This response applies only to the circumstances set out in your request dated April 22, 2013. 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.

Please be advised that the issuance of this ruling does not preclude the Oklahoma Tax Commission from conducting an audit or examination under 68 Okla. Stat. §206 of any report or return claiming a credit for the transactions outlined in this letter ruling. The Commission reserves the right to issue any assessment, correction, or adjustment authorized under 68 Okla. Stat. §221.

Sincerely,

OKLAHOMA TAX COMMISSION



Haley Rader  
Tax Policy Analyst