

OKLAHOMA TAX COMMISSION



TAX POLICY DIVISION
RICK MILLER, DIRECTOR

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

December 20, 2016

Re: LR 16-042 Income Tax – Investment /New Jobs Income Tax Credit

Dear Ms.

This is in response to your inquiry of December 16, 2016 wherein you requested a ruling concerning the Oklahoma Investment New Jobs Income Tax Credit. What follows is verbatim your questions and our response thereto.

QUESTIONS:

I have a few questions on the new limitation % for 2016. I see that the percentage for 2016 is 43.4% and I need clarification on how to treat that for a partnership that passes the credits through to unitholders.

1. I assume that we apply the 43.4% limitation percentage to our credits generated before the credits are passed through to unitholders. Please confirm.
2. Does the 43.4% limitation percentage also apply to the 2016 layer of the credits generated related to a prior period (i.e. 2016 layer of 2012 credits)?
3. Does the 2017 limitation percentage for next year get applied to the carryover credits not allowed to be taken in 2016 (i.e. 2016 non-allowed credit carried over to 2017 x the 2017 limitation %) or do you get to take 100% of the non-allowed 2016 credits on the 2017 return which would be 56.6% of the 2016 credit.

RESPONSES:

1. 43.4% limitation is the amount that the unitholder will use to claim the credit on their tax return on the amount that is distributed to them.

2. Yes, the 43.4% limitation percentage will also apply to the credits generated related to a prior period (i.e. 2016 layer of 2012 credits) and carried over to tax year 2016 by the unitholder.
3. Yes, the 2017 limitation percentage for next year will get applied to the carryover credits not allowed to be taken in 2016 by the unitholder (i.e. 2016 non-allowed credit carried over to 2017 x the 2017 limitation %).

This response applies only to the circumstances set out in your request of December 16, 2016. 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.

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