
Oklahoma Tax Commission

MeF Electronic Return Filing Guide for Software Developers

Oklahoma Individual Income Tax

Tax Year 2011



Pending Legislative Changes
October 11, 2011

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MeF ELECTRONIC FILING PROGRAM

These instructions are intended to be compliant with the IRS Electronic Filing Program and IRS Publications 1345, *Handbook for Electronic Filers of Individual Income Tax Returns*, and 1346, *Electronic Return File Specifications and Record Layouts for Individual Income Tax Returns*. Only Electronic Return Originators and Transmitters that have been accepted into the IRS program may participate in the Oklahoma program. Applicants must pass certain state suitability checks before they are accepted.

THE FOLLOWING TYPES OF RETURNS WILL BE ACCEPTED:

Linked (also referred to as a Fed/State return): The Federal and State returns do not have to be transmitted together. The State return can be transmitted after the Federal return is transmitted and has been accepted by the IRS. The Federal and State returns will be linked by including the Submission ID of the Federal return in the State manifest. A copy of the Federal information must be included with the Oklahoma return.

Unlinked return (also referred to as a State Standalone return): The Federal return does not have to be electronically filed and accepted before electronically filing the Oklahoma State-Only return. However, the Federal return must be computed before computing the Oklahoma tax return and a copy of the Federal information must be included with the Oklahoma return. There will be an indicator in the software that it is an Unlinked filing.

OKLAHOMA TAX COMMISSION - TAX YEAR 2011

INDIVIDUAL INCOME TAX

SOFTWARE DEVELOPER INFORMATION SHEET

Complete One Sheet per Product Being Tested
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Firm Information		
Firm Name:	Product Name:	
Address:		
City:	State:	Zip Code:
Telephone:		Fax:
Website:		

PATS Information		
Test ETIN:	Test EFIN:	
Production ETIN:	Production EFIN:	
Software Developer Code:	NACTP Number:	Date Expected:

PATS Contact Information		
Primary Contact:	Email:	
Address:		
City:	State:	Zip Code:
Telephone (including extension):		Fax:
Secondary Contact:	Email:	
Address:		
City:	State:	Zip Code:
Telephone (including extension):		Fax:

ATS Information		
Test ETIN:	Test EFIN:	
Production ETIN:	Production EFIN:	
Software Developer Code:	NACTP Number:	Date Expected:

ATS Contact Information		
Primary Contact:	Email:	
Address:		
City:	State:	Zip Code:
Telephone (including extension):		Fax:
Secondary Contact:	Email:	
Address:		
City:	State:	Zip Code:
Telephone (including extension):		Fax:

Product Support Information

Place check marks in the boxes below to indicate forms, schedules, worksheets and other system capabilities your software supports:

(1) Professional use or (2) Personal Use Product (Web Based) (3) Personal Use Product (Desktop)

MeF JELF

- 511 - Individual Income Tax Return
- NA** 511NR - Individual Nonresident/Part Year Income Tax Return
- 511CR - Other Credits Form
- 511TX - Credit for Taxes Paid to Another State
- Deceased Taxpayers
- State Return Only

MeF JELF

- 538S - Sales Tax Credit
- 538H - Property Tax Credit
- NA** 561 - Capital Gain Deduction
- NA** 561NR - Capital Gain Deduction
- Direct Deposit of Refund
- NA** PDF Attachments

**SOFTWARE DEVELOPER INFORMATION SHEET INSTRUCTIONS
INDIVIDUAL INCOME TAX
TAX YEAR 2011**

NOTE: All products will be tested for PATS and ATS.

You may download test returns from our website at www.tax.ok.gov/devinfo.html.

Tax Year 2011, Form 511NR: *Individual Nonresident/Part-Year Tax Return*, Form 561: *Capital Gain Deduction for Residents*, and Form 561NR *Capital Gain Deduction for Part-Year and Nonresidents* may be filed electronically. These may only be filed through MeF and tested through ATS.

Before Transmitting Test Results

1. You will need to submit Form D-101: *Software Developer Information Sheet*. Complete and FAX to (405) 522-0576, Attn: Carol Shrum, or email to cshrum@tax.ok.gov.
2. You will receive confirmation via email that we have received your information. Once you have received your confirmation you may then transmit your test results.
3. Please remember to update your software for the legislative changes. The Legislative Update can be found on the Oklahoma Tax Commission website, www.tax.ok.gov, under the Developer/Preparer Info link.

We will correspond with you by email concerning any errors. When you complete your testing and have been approved, you will receive an email stating you have passed.

Note: In order to e-File prior year returns through MeF, you must pass such prior year's testing (Tax Years 2009 and 2010) (Prior year returns can not be filed through Jelf/Legacy.)

COMPOSITION OF AN ELECTRONIC RETURN

An electronic return consists of data transmitted to the Oklahoma Tax Commission (OTC) electronically, and paper documents (filed with OTC at a later date) which contain information that cannot be electronically transmitted or are requested for verification (e.g., taxpayer signatures and W-2's). In total, electronic returns contain the same information as a comparable return filed entirely on paper documents.

ELECTRONIC PORTION OF THE RETURN

For tax year 2011, the following forms and schedules may be filed electronically:

OTC Form 511	Oklahoma Resident Individual Income Tax Return
OTC Form 511NR	Oklahoma Part-year and Nonresident Individual Income tax Return
OTC Form 511-BAT	Oklahoma Business Activity Tax This form is used to report business activity in Oklahoma. The Business Activity Tax is reported on line 21 of OTC Form 511 or line 41 of OTC Form 511NR (May not be filed separately).
OTC Form 511 CR	Other credits to Oklahoma Income Tax This form is used to report the other credits to Oklahoma income tax reported on line 17 of OTC Form 511 or line 38 of OTC Form 511NR
OTC Form 511-TX	Claim for Tax Paid to another State This form is used to report credit for taxes paid to another state and reported on line 16 of OTC Form 511 or line 37 of OTC Form 511NR. Use a separate form for each state reported.
OTC Form 538-H	Claim for Credit or Refund of Property Taxes This form is used to report low income property tax credit, reported on line 26 of OTC Form 511 (may not be filed separately).
OTC Form 538-S	Claim for Credit or Refund of Sales Tax This form is used to report sales tax relief credit, reported on line 27 of OTC Form 511 (may not be filed separately).
OTC Form 561	Oklahoma Capital Gain Deduction for Residents Filing Form 511 This form is used to report the capital gain deduction reported on Schedule 511-A, line 12
OTC Form 561NR	Oklahoma Capital Gain Deduction for Part-year and Nonresidents Filing Form 511NR This form is used to report the capital gain deduction reported on Schedule 511NR-B, line 13
PDF	Binary Attachments Use to provide any substantiation or additional information.

The complete electronic portion of the federal income tax return should also be filed using the IRS format. A copy of all federal forms and schedules sent with the federal return must be included with the state return. This paragraph is applicable for Linked returns as well as Unlinked returns.

NON-ELECTRONIC PORTION OF THE RETURN

The non-electronic portion of the return consists of the following:

Oklahoma Individual Income Tax Declaration for Electronic Filing (OTC Form 511-EF), is required for all electronic returns and is to be retained by the ERO for three (3) years.

Copies of forms W-2, W-2G, or 1099-R, which would normally be attached to a paper return, must be attached to form 511-EF and retained by ERO. ERO's may be subject to inspection of records by the OTC during the filing season.

If a return contains any forms or supporting schedules listed below and binary attachments* are not supported, they should be attached to the 511EF and mailed to the Oklahoma Tax Commission by the taxpayer. These are not part of the electronic record and may be required by OTC.

- Form OW-8-P-Sup-I Annualized Income Installment
- Form 511 NOL-Oklahoma Net Operating Loss
- Form 573 Farm Income Averaging
- COFT's Form Oklahoma Volunteer Firefighter Tax Credit
- Include a copy of other state's income tax return if Form 511TX is filed.
- Supporting Statements

NOTE: The 511EF should be placed on top as a cover page. Do not mail copies of the Oklahoma Income Tax Return, Federal Income Tax Return or withholding statements. Only mail the 511EF to the OTC if you have any of the above forms as part of the transmitted tax return.

* If binary attachments are supported these forms and/or supporting schedules are attached, as PDFs, to the e-Filed return.

EXCLUSIONS FROM ELECTRONIC FILING

The following types of returns are excluded from electronic filing for Tax Year 2011:

1. Returns from preparers, originators, or transmitters who have not been accepted into the Electronic Filing Program.
2. Amended or corrected returns (OTC Form 511-X).
3. Returns for any tax period other than the calendar years 2009 through 2011. You must pass testing in order to e-File prior year returns.
4. Returns with dollars and cents entries. Only whole dollar amounts will be accepted.

Financial Transaction

DIRECT DEBIT:

The RequestedPaymentDate in the StatePayment section of the FinancialTransaction is used to indicate an ACH Debit's Effective Date. It is in 'YYYYMMDD' format. Holidays and weekends are not valid effective dates. The effective date must be at least three business days after the filing date - any effective date not satisfying this requirement is unacceptable. Returns electronically filed on April 20, 2012 with an effective date of April 25, 2012 will be considered timely filed and paid.

For example, a taxpayer files on February 10, 2012, the earliest effective date is February 15, 2012 would contain "20120215").

As a second example, a taxpayer files on April 20, 2012, the earliest effective date is April 25, 2012 (RequestedPaymentDate would contain "20120425"). This return will be considered as timely filed and paid. The taxpayer will not incur any interest or penalty.

IAT (International ACH Transaction)

Oklahoma does not accept IAT transaction at this time. If the IAT indicator field is marked with an "X" a debit card will be issued if a refund is due, or the taxpayer should submit the balance due in a timely manner.

OTHER GUIDELINES

- The 'SoftwareID' data element is required in the schema and should be populated with the same software information that was transmitted in field 300a of legacy efile.
- Submission/Return Types: accepted values are OK511 and OK511NR

Appendix A: Oklahoma's Filing Requirement

Resident -

Every Oklahoma resident who has sufficient gross income to require the filing of a Federal income tax return is required to file an Oklahoma return, regardless of the source of the income. See Chart A & Chart B.

Determining Your Filing Requirement

If you do not meet the Federal filing requirements as shown in either Chart A or Chart B on this page, you are not required to file an Oklahoma tax return. If you have withholding or made estimated tax payments you would like to have refunded, please follow the instructions on page 5, "Not Required to File".

Chart A: Federal Filing Requirements for Most People

To use this chart, first find your filing status. Then read across to find your age at the end of 2011. You must file a return if your gross income was at least the amount shown in the last column.

If your Filing Status Is...	And your Age Is*...	And if your Gross Income Is...**
Single	Under 65	\$ 9,500
	65 or older	\$10,950
Married Filing Joint***	Both under 65	\$19,000
	One 65 or older	\$20,150
	Both 65 or older	\$21,300
Married Filing Separate	Any age	\$ 3,700
Head of Household	Under 65	\$12,200
	65 or older	\$13,650
Qualifying Widow(er) with a Dependent Child	Under 65	\$15,300
	65 or older	\$16,450

*If you turned age 65 on January 1, 2012, you are considered to be 65 at the end of 2011.
 **Gross income means all the income you received in the form of money, goods, property, and services that is not exempt from Federal tax. Do not include any social security benefits unless (a) you are married filing separate and you lived with your spouse at any time in 2011 or (b) one-half of your social security benefits plus your other gross income and any Federal tax-exempt interest is more than \$25,000 (\$32,000 is married filing jointly). If (a) or (b) applies, see the instructions for Federal Form 1040 or 1040A to figure the taxable part of social security benefits you must include in gross income.
 ***If you did not live with your spouse at the end of 2011 (or on the date your spouse died) and your gross income was at least \$3,700, you must file a return regardless of your age.

Chart B: Federal Filing Requirements for Children and Other Dependents

If your parent (or someone else) can claim you as a dependent, use this chart to see if you must file a Federal return. In these charts, unearned income includes taxable interest and dividends. Earned income includes wages, tips, and taxable scholarships and fellowships. Gross income is the total of your unearned and earned income.

SINGLE DEPENDENTS

Were you either age 65 or older or blind?

No. You must file a return if **any** of the following apply...

- Your unearned income was over \$950.
- Your earned income was over \$5,800.
- The total of your gross income was more than the **larger** of:
 - \$950, or
 - Your earned income (up to \$5,500) plus \$300.

Yes. You must file a return if **any** of the following apply...

- Your unearned income was over \$2,400 (\$3,850 if 65 or older **and** blind).
- Your earned income was over \$7,250 (\$8,700 if 65 or older **and** blind).
- Your gross income was more than the **larger** of:
 - \$2,400 (\$3,850 if 65 or older **and** blind), or
 - Your earned income (up to \$5,500) plus \$1,750 (\$3,500 if 65 or older **and** blind).

MARRIED DEPENDENTS

Were you either age 65 or older or blind?

No. You must file a return if **any** of the following apply...

- Your gross income was at least \$5 and your spouse files a separate return and itemizes deductions.
- Your unearned income was over \$950.
- Your earned income was over \$5,800.
- The total of your gross income was more than the **larger** of:
 - \$950, or
 - Your earned income (up to \$5,500) plus \$300.

Yes. You must file a return if **any** of the following apply...

- Your gross income was at least \$5 and your spouse files a separate return and itemizes deductions.
- Your unearned income was over \$2,100 (\$3,250 if 65 or older **and** blind).
- Your earned income was over \$6,950 (\$8,100 if 65 or older **and** blind).
- Your gross income was more than the **larger** of:
 - \$2,100 (\$3,250 if 65 or older **and** blind), or
 - Your earned income (up to \$5,500) plus \$1,450 (\$2,600 if 65 or older **and** blind).

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Nonresident -

Every nonresident with gross income from Oklahoma sources of \$1,000 or more is required to file an Oklahoma income tax return.

Part-Year Resident –

Every part-year resident, during the period of residency, has the same filing requirements as a resident. During the period of nonresidency, an Oklahoma return is also required if the Oklahoma part-year resident has gross income from Oklahoma sources of \$1,000 or more.

Appendix B: Oklahoma Deductions

If itemized deductions were claimed on the Federal return, itemized deductions must be claimed on the Oklahoma Return. If itemized deductions were not claimed on the Federal return, the Oklahoma standard deduction must be claimed.

Standard Deduction

<u>Filing Status:</u>	<u>Standard Deduction</u>
Single or Married Filing Separate	\$5,800
Head of Household	\$8,500
Married Filing Joint or Qualifying Widow(er)	\$11,600

Itemized Deduction

The amount of the Federal itemized deductions claimed on the Federal return (Form 1040, Schedule A), is the amount used as Oklahoma itemized deductions.

APPENDIX C: OKLAHOMA TAX RATE SCHEDULES

OTC Form 511, Line 14 and Form 511NR, Line 32

Married Filing Jointly, Head of Household, or Qualifying Widow(er) (Filing Status 2, 4, or 5)				Single or Married Filing Separately (Filing Status 1 or 3)			
<u>Taxable Income</u>		<u>Oklahoma Income Tax</u>		<u>Taxable Income</u>		<u>Oklahoma Income Tax</u>	
0 - 2,000	Pay	0.00 + 0.5% over	0	0 - 1,000	Pay	0.00 + 0.5% over	0
2,000 - 5,000	Pay	10.00 + 1.0% over	2,000	1,000 - 2,500	Pay	5.00 + 1.0% over	1,000
5,000 - 7,500	Pay	40.00 + 2.0% over	5,000	2,500 - 3,750	Pay	20.00 + 2.0% over	2,500
7,500 - 9,800	Pay	90.00 + 3.0% over	7,500	3,750 - 4,900	Pay	45.00 + 3.0% over	3,750
9,800 - 12,200	Pay	159.00 + 4.0% over	9,800	4,900 - 7,200	Pay	79.50 + 4.0% over	4,900
12,200 - 15,000	Pay	255.00 + 5.0% over	12,200	7,200 - 8,700	Pay	171.50 + 5.0% over	7,200
15,000 - over	Pay	395.00 + 5.50% over	15,000	8,700 - over	Pay	246.50 + 5.50% over	8,700

Appendix D: Oklahoma Use Tax

Use tax is calculated at the same rate as sales tax. The sales tax rate equals the state rate of 4.5% plus the applicable city and /or county rate(s). If the exact amount of Oklahoma use tax owed is unknown, based on the taxpayer’s city and county sales tax rates, Use tax can be computed by using either:

1. Completing Use Tax Worksheet One – if taxpayer kept record of all out-of-state purchases. - Or-
2. Completing Use Tax Worksheet Two – if taxpayer did not keep record of all out-state purchases.

USE TAX WORKSHEET ONE		For Taxpayers Who Have Records of All Out-of-State Purchases	
1	Enter the total amount of out-of-state purchases for 1/1/2011 through 12/31/2011	1	
2	Multiply line 1 by 7% (.07) or your local rate* and enter the amount.....	2	
3	Enter the tax paid to another state on the purchases. This amount may not exceed the amount on line 2.....	3	
4	Subtract line 3 from line 2 and enter the results, rounded to the nearest whole dollar, here and on Form 511, line 20 (or on Form 511NR, line 40).....	4	

USE TAX WORKSHEET TWO		For Taxpayers Who Do Not Have Records of All Out-of-State Purchases	
1	Purchases of items costing less than \$1,000: See the Use Tax Table below to establish the use tax due based on your Federal adjusted gross income	1	
2	Purchases of items costing \$1,000 or more: Complete lines 2a and 2b below to calculate the amount of use tax owed.		
2a	Enter the total amount of out-of-state purchases of \$1,000 or more for 1/1/2011 through 12/31/2011	2a	
2b	Multiply line 2a by 7% (.07) or your local rate* and enter the amount	2b	
3	Add lines 1 and 2b and enter the total amount of use tax.....	3	
4	Enter the tax paid to another state on the purchases. This amount may not exceed the amount on line 3	4	
5	Subtract line 4 from line 3 and enter the results, rounded to the nearest whole dollar, here and on Form 511, line 20 (or on Form 511NR, line 40)	5	

* Use tax is calculated the same as sales tax. Your local rate would be the state sales tax rate of 4.5% (.045) plus the applicable city and/ or county rate based on where you lived when the purchase was made. The rate charts can be found on the web at: www.tax.ok.gov.

USE TAX TABLE

If Federal Adjusted Gross Income		Your Use Tax Amount is:
At least	But less than	
0	2,090	1
2,090	4,670	2
4,670	6,420	3
6,420	8,170	4
8,170	9,920	5
9,920	11,795	6
11,795	13,545	7
13,545	15,295	8
15,295	17,170	9
17,170	18,920	10
18,920	20,670	11
20,670	22,420	12
22,420	24,295	13
24,295	26,045	14
26,045	27,795	15
27,795	29,670	16
29,670	31,420	17
31,420	33,170	18

If Federal Adjusted Gross Income		Your Use Tax Amount is:
At least	But less than	
33,170	34,920	19
34,920	36,795	20
36,795	38,545	21
38,545	40,295	22
40,295	42,170	23
42,170	43,920	24
43,920	45,670	25
45,670	47,420	26
47,420	49,295	27
49,295	51,045	28
51,045	52,795	29
52,795	54,670	30
54,670	and over	multiply Federal AGI times 0.00056