
Oklahoma Tax Commission

MeF Electronic Return Filing Guide for Software Developers

Oklahoma Individual Income Tax

Tax Year 2015



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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 Type of Return 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) will not be accepted.

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 2015, 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 CR Other credits to Oklahoma Income Tax

This form is used to report the other credits to Oklahoma income tax reported on Form 511, line 17 or Form 511NR line 22

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 Form 511, line 16 or Form 511NR, line 21. 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 Form 511, line 25 (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 Form 511, line 26 (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

OTC Form OW-8-P Underpayment of Estimated Tax Worksheet

This form is used to report the underpayment of estimated tax interest reported on Form 511, line 41 or Form 511NR, line 42.

OTC Form 567-A Credit for Investment in Clean-Burning Motor Vehicle Fuel Property

This Form is used to report the credit reported on Form 511CR, line 3a and 3b.

OTC Form 576 Natural Disaster Tax Credit

This Form is used to report the refundable credit reported on Form 511, line 27.

OTC Form 577 Refundable Coal Credit

This Form is used to report the refundable credit reported on Form 511, line 29 or Form 511NR, line 30.

OTC Form 578 Refundable Coal for Electricity Generated by Zero-Emission Facilities
This Form is used to report the refundable credit reported on Form 511, line 29 or Form 511NR, line 30.

OTC Form 500-A Information Return – Production Payments
Use this form if it shows Oklahoma withholding.

OTC Form 500-B Information Return – Nonresident Member Income Tax Withheld
Use this form if it shows Oklahoma withholding.

State 1099G Certain Government Payments
Use this form if it shows Oklahoma withholding.

State 1099Misc Miscellaneous Income
Use this form if not part of the federal return and it shows Oklahoma withholding.

PDF Binary Attachments
Use to provide any substantiation or additional information.
The complete electronic portion of the federal income tax return must also be filed using the IRS format. An XML copy of all federal forms and schedules sent with the federal return must be included with the state return.

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.
- Include any Oklahoma Statements containing additional information.

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 Processing Year 2016:

1. Returns from preparers, originators, or transmitters who have not been accepted into the Electronic Filing Program.
2. Amended or corrected returns.
3. Returns for any tax year prior to 2013. 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.
5. Unlinked returns (also referred to as a state standalone return)

Acknowledgment System

The Tax Commission will generate an acknowledgement of acceptance or rejection for all returns received. The acknowledgment record will be in a format approved and agreed upon the IRS, state agencies, transmitters and software developers. See Appendix E: for Business Rules

Transmitters and software developers should allow 1 business day to receive the state acknowledgment before contacting the Tax Commission.

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.

IAT (International ACH Transaction)

Oklahoma does not accept IAT transaction at this time. If the IAT indicator field is marked with an "X" a paper check 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 Software ID from your Software Developer Letter of Intent (Form D-106).
- Submission/Return Types: Accepted values for the State Submission Type in the Manifest and the Return Type in the Return Header are OK511 and OK511NR.
- AdditionalSchedule element –

The Additional Schedule may be used to provide detailed information for the associated line on the tax return. For example the amount of out-of-state income entered on the Form 511, line 4 may be from multiple sources. The AdditionalSchedule element is a method by which to provide the detail.

Example for Out Of State Income (Form 511, line 4 a & b):

Path

```
<ReturnState><ReturnDataState><FormOK511><PartOne><OutOfStateIncome>
<ReturnState><ReturnDataState><FormOK511><PartOne><OutOfStateIncomeDescription>
<ReturnState><ReturnDataState><FormOK511><PartOne><OutOfStateIncomeAdditionalSch>
```

XML

```
<OutOfStateIncome>1196</OutOfStateIncome>
<OutOfStateIncomeDescription>See Additional Schedule</OutOfStateIncomeDescription>
<OutOfStateIncomeAdditionalSch>
  <ScheduleName>Out of State Income</ScheduleName>
  <ScheduleBody>
    <Text>Net Kansas Rental Income</Text>
    <Amount>1136</Amount>
  </ScheduleBody>
  <ScheduleBody>
    <Text>Net Texas Royalty Income</Text>
    <Amount>60</Amount>
  </ScheduleBody>
</OutOfStateIncomeAdditionalSch>
```

Part One of Form 511 would appear as follows:

Part One: To Arrive at Oklahoma Adjusted Gross Income		Round to Nearest Whole Dollar
1	Federal adjusted gross income (from Federal 1040, 1040A, or 1040EZ)	161582
2	Oklahoma Subtractions (enclose Schedule 511-A)	
3	Line 1 minus line 2	161582
4	Out-of-state income, except wages. Describe (4a) (Enclose Federal schedule with detailed description; see instructions) See Additional Schedule	1196
5	Line 3 minus line 4b	
6	Oklahoma Additions (enclose Schedule 511-B)	
7	Oklahoma adjusted gross income (line 5 plus line 6)	160386

The additional schedule would appear as follows:

Additional Schedule – Out of State Income	
Description	Amount
Net Kansas Rental Income	1,136.00
Net Texas Royalty Income	60.00

- ExplanationStatement element -

The Explanation Statement may be used to provide additional information. For example if the taxpayer wants to elect to forego the Oklahoma Net Operating Loss carryback period, the ExplanationStatement element may be used for this election.

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, 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 2015. 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	\$10,300
	65 or older	\$11,850
Married Filing Joint***	Both under 65	\$20,600
	One 65 or older	\$21,850
	Both 65 or older	\$23,100
Married Filing Separate	Any age	\$ 4,000
Head of Household	Under 65	\$13,250
	65 or older	\$14,800
Qualifying Widow(er) with a Dependent Child	Under 65	\$16,600
	65 or older	\$17,850

*If you turned age 65 on January 1, 2016, you are considered to be 65 at the end of 2015.
 **Gross income means all the income you received in the form of money, goods, property, and services that is not exempt from federal tax, including any income from sources outside the United States or from the sale of your main home (even if you can exclude part or all of it).
 Do not include any social security benefits unless (a) you are married filing separate and you lived with your spouse at any time in 2015 or (b) one-half of your social security benefits plus your other gross income and any federally tax-exempt interest is more than \$25,000 (\$32,000 if 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 2015 (or on the date your spouse died) and your gross income was at least \$4,000, 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, ordinary dividends and capital gain distributions. It also includes unemployment compensation, taxable social security benefits, pensions, annuities and distributions of unearned income from a trust. 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 \$1050.
- Your earned income was over \$6,300.
- Your gross income was more than the **larger** of:
 - \$1050, or
 - Your earned income (up to \$5,950) plus \$350.

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

- Your unearned income was over \$2,600 (\$4,150 if 65 or older **and** blind).
- Your earned income was over \$7,850 (\$9,400 if 65 or older **and** blind).
- Your gross income was more than the **larger** of:
 - \$2,600 (\$4,150 if 65 or older **and** blind), or
 - Your earned income (up to \$5,950) plus \$1,900 (\$3,450 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 \$1050.
- Your earned income was over \$6,300.
- Your gross income was more than the **larger** of:
 - \$1050, or
 - Your earned income (up to \$5,950) plus \$350.

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 \$2,300 (\$3,550 if 65 or older **and** blind).
- Your earned income was over \$7,550 (\$8,800 if 65 or older **and** blind).
- Your gross income was more than the **larger** of:
 - \$2,300 (\$3,550 if 65 or older **and** blind), or
 - Your earned income (up to \$5,950) plus \$1,600 (\$2,850 if 65 or older **and** blind).

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

Filing Status:	Standard Deduction
Single or Married Filing Separate	\$6,300
Head of Household	\$9,250
Married Filing Joint or Qualifying Widow(er)	\$12,600

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 15

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)				
Taxable Income			Oklahoma Income Tax		Taxable Income			Oklahoma Income Tax	
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 +	5.25% over 15,000	8,700 -	over	Pay	246.50 +	5.25% 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 1/1/2015 through 12/31/2015.....	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 24).....	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 on page 11. See table below to establish the use tax due based on your Federal Adjusted Gross Income from Form 511, line 1 (or on Form 511NR, Line 2).....		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 1/1/2015 through 12/31/2015	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 24).....	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 (Form 511, line 1) is:		Your Use Tax Amount is:	If Federal Adjusted Gross Income (Form 511, line 1) is:		Your Use Tax Amount is:
At least	But less than		At least	But less than	
0	2,090	1	33,170	34,920	19
2,090	4,670	2	34,920	36,795	20
4,670	6,420	3	36,795	38,545	21
6,420	8,170	4	38,545	40,295	22
8,170	9,920	5	40,295	42,170	23
9,920	11,795	6	42,170	43,920	24
11,795	13,545	7	43,920	45,670	25
13,545	15,295	8	45,670	47,420	26
15,295	17,170	9	47,420	49,295	27
17,170	18,920	10	49,295	51,045	28
18,920	20,670	11	51,045	52,795	29
20,670	22,420	12	52,795	54,670	30
22,420	24,295	13	54,670	and over	multiply Federal AGI times 0.00056
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			