
Oklahoma Tax Commission

MeF Electronic Return Filing Guide

Tax Year 2009



Oklahoma Individual Income Tax

Pending Legislative Changes
March 22, 2010

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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 (Tax Year 2009)*, and 1346, *Electronic Return File Specifications and Record Layouts for Individual Income Tax Returns (Tax Year 2009)*. 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.

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 2009, 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 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 (3 maximum).
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 25 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 26 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

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 the preparer. 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, 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 575 May 8 or 9, 2003 Tornado Tax Credit
- * Form 511 NOL-Oklahoma Net Operating Loss
- * Form 573 Farm Income Averaging
- * COFT's Form 1A, Form 1B or Form 1C 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 with copies of the Income Tax Return, or with the Federal returns 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.

EXCLUSIONS FROM ELECTRONIC FILING

The following types of returns are excluded from electronic filing for Tax Year 2009:

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 year 2009.
4. Returns with dollars and cents entries. Only whole dollar amounts will be accepted.
5. Returns requiring more than three (3) 511TX forms.

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, 2010 with an effective date of April 23, 2010 will be considered timely filed and paid.

For example, a taxpayer files on February 12, 2010, the earliest effective date is February 17, 2010 would contain "20100217").

As a second example, a taxpayer files on April 20, 2010, the earliest effective date is April 23, 2010 (RequestedPaymentDate would contain "20100423"). 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 refund 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 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.

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 2009. 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	\$ 9,350
	65 or older	\$10,750
Married Filing Joint***	Both under 65	\$18,700
	One 65 or older	\$19,800
	Both 65 or older	\$20,900
Married Filing Separate	Any age	\$ 3,650
Head of Household	Under 65	\$12,000
	65 or older	\$13,400
Qualifying Widow(er) with a Dependent Child	Under 65	\$15,050
	65 or older	\$16,150

*If you turned age 65 on January 1, 2010, you are considered to be 65 at the end of 2009.
 **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 2009 or (b) one-half of your social security benefits plus your other gross income 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 2009 (or on the date your spouse died) and your gross income was at least \$3,650, 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.				
SINGLE DEPENDENTS	Were you either age 65 or older or blind?			
	<input type="checkbox"/> No. You must file a return if any of the following apply... <ul style="list-style-type: none"> Your unearned income was over \$950. Your earned income was over \$5,700. The total of your unearned and earned income was more than the larger of: <table border="1" style="margin-left: 20px;"> <tr> <td style="text-align: center;">This amount \$950</td> <td style="text-align: center;">OR</td> <td style="text-align: center;">This amount Your earned income (up to \$5,400) plus \$300</td> </tr> </table> 		This amount \$950	OR
This amount \$950	OR	This amount Your earned income (up to \$5,400) plus \$300		
MARRIED DEPENDENTS	Were you either age 65 or older or blind?			
	<input type="checkbox"/> No. You must file a return if any of the following apply... <ul style="list-style-type: none"> 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 \$5,700. The total of your unearned and earned income was more than the larger of: <table border="1" style="margin-left: 20px;"> <tr> <td style="text-align: center;">This amount \$950</td> <td style="text-align: center;">OR</td> <td style="text-align: center;">This amount Your earned income (up to \$5,400) plus \$300</td> </tr> </table> 		This amount \$950	OR
This amount \$950	OR	This amount Your earned income (up to \$5,400) plus \$300		
<input type="checkbox"/> Yes. You must file a return if any of the following apply... <ul style="list-style-type: none"> Your gross income was at least \$5 and your spouse files a separate return and itemizes deductions. Your unearned income was over \$2,050 (\$3,150 if 65 or older and blind). Your earned income was over \$6,800 (\$7,900 if 65 or older and blind). Your gross income was more than the larger of: <ul style="list-style-type: none"> \$2,050 (\$3,150 if 65 or older and blind), or Your earned income (up to \$5,400) plus \$1,400 (\$2,500 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, Oklahoma itemized deductions must be claimed. If itemized deductions were not claimed on the Federal return, Oklahoma standard deduction must be claimed.

Standard Deduction

<u>Filing Status:</u>	<u>Standard Deduction</u>
Single or Married Filing Separate	\$4,250
Head of Household	\$6,375
Married Filing Joint or Qualifying Widow(er)	\$8,500

Itemized Deduction Worksheet

This Itemized Deduction Worksheet is included to assist in software development to calculate the amount of allowable Oklahoma itemized deductions. The worksheet is not part of the electronic record and is not transmitted.

Generally the amount of the Federal itemized deductions claimed on the Federal return (Form 1040, Schedule A), is the amount used as Oklahoma itemized deductions. However, if there is an amount on the Federal Schedule A, line 7 "New motor vehicle taxes" the worksheet must be completed to determine the amount of Oklahoma itemized deductions. The new motor vehicle taxes are not allowed as an itemized deduction for Oklahoma.

ITEMIZED DEDUCTION WORKSHEET:	
<small>(Worksheet to be Retained by Taxpayer)</small>	
1. Enter the amount of Total Itemized Deductions from your Federal return	<input type="text"/> -
2. Enter the amount of New Motor Vehicle Taxes included in line 1 above (If your itemized deductions were not limited; this is the amount on your Federal Schedule A, line 7.)	<input type="text"/> =
3. Oklahoma Itemized Deductions - Subtract line 2 from line 1, enter here and on Form 511, line 10.	<input type="text"/> TOTAL

Form 511

If there is not an amount Form 511 line 4 (OutOfStateIncome), enter line 3 from the worksheet on line 10 of Form 511.

If there is an amount on Form 511 line 4(OutOfStateIncome), enter line 3 from the worksheet on 1 of Schedule 511-D.

Form 511NR

Enter line 3 from the worksheet on line 28 of Form 511NR.

Appendix C: 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 1/1/09 through 12/31/09 made while Living in Oklahoma..	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 to establish the use tax due based on your Federal adjusted gross income from Form 511, Line 1 (or from 511NR, line 19. Multiply the use tax from the table by the tax percentage from 511NR, Line 35.)	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 1/1/09 through 12/31/09 made while Living in Oklahoma	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 is:		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

If Federal Adjusted Gross Income is:		Your Use Tax Amount is:
At least	But less than	
27,795	29,670	16
29,670	31,420	17
31,420	33,170	18
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

Appendix D: Other Retirement Income Worksheet

Worksheet to be retained by taxpayer:

OTHER RETIREMENT INCOME WORKSHEET

Complete the following worksheet to determine eligibility for the retirement exclusion. Before beginning, complete Schedule 511-A, lines 7-13; Form 511, line 4 and Schedule 511-B, or schedule 511NR-B, Lines 7-14 if applicable. Upon completing these lines, fill in the section below.

- | | |
|---|---|
| 1. Add the amounts on Form 511, line 1 and Schedule 511-B, line 9, or Form 511NR, line 21 | <input style="width: 100px; height: 20px;" type="text"/>
- |
| 2. Add the amounts, if any, on Form 511, line 4 and Schedule 511-A, lines 1-5 and 7-13, or schedule 511NR-B lines 1-5 and 7-14. | <input style="width: 100px; height: 20px;" type="text"/>
= |
| 3. Subtract the amount on line 2 (above) from line 1. | <input style="width: 100px; height: 20px;" type="text"/> TOTAL |

If this total is \$100,000 or less with a filing status of single, head of household or married filing separate, then you qualify for the up to \$10,000 exclusion.

If this total is \$200,000 or less with a filing status of married filing joint or qualifying widow(er), then you qualify for the up to \$10,000 exclusion. (If both husband and wife qualify, then each is eligible to exclude up to \$10,000 of his or her retirement income. To be eligible, you must have retirement income in your name.)

If you do not meet either of the above described circumstances, you do not qualify.

Remember, the amount of the exclusion is up to \$10,000 per taxpayer, but it cannot exceed the retirement amount included in the Federal Adjusted Gross Income.

APPENDIX E: 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)			
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 + 5.50% over	15,000	8,700 - over	Pay	246.50 + 5.50% over	8,700

APPENDIX F: STANDARD USPS STATE ABBREVIATIONS & ZIP CODES

<u>State</u>	<u>Abbr.</u>	<u>Zip Code</u>			
			Montana	MT	590nn-599nn
			Nebraska	NE	680nn-693nn
Alabama	AL	350nn-369nn	Nevada	NV	889nn-898nn
Alaska	AK	995nn-999nn	New Hampshire	NH	030nn-038nn
Arizona	AZ	850nn-865nn	New Jersey	NJ	070nn-089nn
Arkansas	AR	716nn-729nn, 75502	New Mexico	NM	870nn-884nn
California	CA	900nn-908nn, 910nn-961nn	New York	NY	004nn-005nn, 06390, 100nn-149nn
Colorado	CO	800nn-816nn	North Carolina	NC	270nn-289nn
Delaware	DE	197nn-199nn	North Dakota	ND	580nn-588nn
District of Columbia	DC	200nn-205nn	Ohio	OH	430nn-459nn
Florida	FL	302nn,342nn, 346nn-347nn, 349nn	Oklahoma	OK	730nn-732nn, 734nn-749nn
Georgia	GA	300nn-319nn, 399nn	Oregon	OR	970nn-979nn
Hawaii	HI	967nn-968nn	Pennsylvania	PA	150nn-196nn
Idaho	ID	832nn-838nn	Rhode Island	RI	028nn-029nn
Illinois	IL	600nn-629nn	South Carolina	SC	290nn-299nn
Indiana	IN	460nn-479nn	South Dakota	SD	570nn-577nn
Iowa	IA	500nn-528nn	Tennessee	TN	370nn-385nn
Kansas	KS	660nn-679nn	Texas	TX	733nn,73949, 750nn-799nn
Kentucky	KY	400nn-427nn, 45275	Utah	UT	840nn-847nn
Louisiana	LA	700nn-714nn, 71749	Vermont	VT	050nn-054nn, 056nn-059nn
Maine	ME	03801, 039nn-049nn	Virginia	VA	20041, 20301,20370, 220nn-246nn
Maryland	MD	20331, 206nn-219nn	Washington	WA	986nn, 988nn-994nn
Massachusetts	MA	010nn-027nn, 055nn	West Virginia	WV	247nn-268nn
Michigan	MI	480nn-499nn	Wisconsin	WI	49936, 530nn-549nn
Minnesota	MN	550nn-567nn	Wyoming	WY	820nn-831nn
Mississippi	MS	386nn-397nn	APO or FPO	AA	340nn
Missouri	MO	630nn-658nn	APO or FPO	AE	090nn-098nn
			APO or FPO	AP	962nn-966

