

C. Oklahoma State Income Taxes

Corporate Income Tax - on income received for business transacted within the state. The portion of corporate income earned in Oklahoma and therefore subject to the 6% tax is determined by a Three-Factor formula.

Property in Oklahoma per Federal Income Tax
+ Payroll in Oklahoma per Federal Income Tax
+ Sales in Oklahoma per Federal Income Tax
= Oklahoma Apportionment % of Income

Oklahoma corporate tax liability is usually arrived at by giving equal weight to property, payroll, and sales within Oklahoma. However, the sales factor for corporations having capital investment in Oklahoma in a project of \$200 million or more is 50% of the apportionment while property and payroll are each 25%.

The Oklahoma apportioned percentage of income is then multiplied by the corporation's reported net federal taxable income (after Oklahoma adjustments) to determine the Oklahoma taxable income. This figure is then multiplied by the 6% Oklahoma corporate income tax rate to determine the Oklahoma tax.

Oklahoma Tax Formula

- (1) Oklahoma net income apportioned percentage from the Three-Factor Formula
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- (2) Oklahoma taxable income reported after Oklahoma adjustments
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- (3) 6% income
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- (4) Oklahoma corporate income tax rate
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Oklahoma Income Tax

The Oklahoma Legislature passed SB 1415 requiring a portion of the bonus depreciation permitted pursuant to the federal Job Creation and Worker Assistance Act to be added back and then reclaimed in a later year for Oklahoma income tax purposes.

80% of the bonus depreciation taken on the federal return must be added to Oklahoma taxable income on Oklahoma's return. However, the bonus may be fully recovered in Oklahoma over the next four years. (68 O.S. § 2358.6)