






OKLAHOMA
Tax Commission

2021 Oklahoma State University Fall Tax Institute
Oklahoma Tax Commission Update
Presented by:
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Disclaimer 

- This informational packet is not intended to be a complete listing of tax related laws or law changes. This is an abbreviated listing that highlights those changes effecting a large number of taxpayers.
- For further tax information including tax rules, please visit our web site at oklahoma.gov/tax.html or contact the Oklahoma Tax Commission at (405) 521-3160.



What's New 

- The Oklahoma Tax Commission (OTC) moved! Our new Taxpayer Resource Center (TRC) is now open in downtown OKC to serve you.
- The TRC is open from 7:30 a.m. – 4:30 p.m. in its new location:
- 300 N Broadway Ave
Oklahoma City, OK 73194



What's New (continued)



Parking

Taxpayers will park in the Broadway-Kerr Parking Garage free of charge by taking a ticket from the parking garage gate system to the Taxpayer Resource Center for ticket validation.

Broadway-Kerr Parking Garage
320 N Broadway Ave
Oklahoma City, OK 73102

Taxpayers parking in the Broadway-Kerr Parking Garage and not visiting the Oklahoma Tax Commission, the [Oklahoma Department of Health](#) or the [Oklahoma Lottery](#) are required to pay for parking. Tickets are strictly validated for the allotted time of the visit. Otherwise, taxpayers must pay the difference for going over the allotted time.

The entrance and exit to the Broadway-Kerr Parking Garage is off Robert S. Kerr Ave. Directional signage is available in the parking garage to direct taxpayers to the elevator.



What's New (continued)



Mailing Address

Our mailing address has also changed. If you are needing to mail documents, renewals or correspondence to the OTC please utilize our new mailing address.

ALL ITEMS PREVIOUSLY ADDRESSED TO:

Oklahoma Tax Commission
2501 N Lincoln Blvd
Oklahoma City, OK 73194

MAIL TO THE FOLLOWING:

Oklahoma Tax Commission
Oklahoma City, OK 73194



Tax Year 2021 – Income Tax Filing Reminder



511 and 511NR - 2D Barcode Returns Mailing Address


Oklahoma Tax Commission
PO Box 269045
Oklahoma City, OK 73126-9045

511 and 511NR – Non 2D Barcode Returns Mailing Address


Oklahoma Tax Commission
PO Box 26800
Oklahoma City, OK 73126-0800




Summary of 2021 Legislation Income Tax



RATE CHANGES




Summary of 2021 Legislation Income Tax




- HB 2962 amends 68 O.S. § 2355 relating to the individual income tax rate by reducing each tax bracket by 0.25% effective for tax year 2022 and subsequent tax years as outlined below:

Tax year 2022 and Subsequent Tax Years - Married Filing Joint; Head of Household and Surviving Spouse Brackets					
If Taxable Income Is:					
\$0 -	\$2,000	pay	\$0	plus	0.25% over \$0
\$2,001 -	\$5,000	pay	\$5.00	plus	0.75% over \$2,000
\$5,001 -	\$7,500	pay	\$27.50	plus	1.75% over \$5,000
\$7,501 -	\$9,800	pay	\$71.25	plus	2.75% over \$7,500
\$9,801 -	\$12,200	pay	\$134.50	plus	3.75% over \$9,800
\$12,201	and above	pay	\$224.50	plus	4.75% over \$12,200




Summary of 2021 Legislation Income Tax (continued)



- HB 2962 continued:

Tax year 2022 and Subsequent Tax Years - Single and Married Filing Separate Brackets					
If Taxable Income Is:					
\$0 -	\$1,000	pay	\$0.00	plus	0.25% over \$0
\$1,001 -	\$2,500	pay	\$2.50	plus	0.75% over \$1,000
\$2,501 -	\$3,750	pay	\$13.75	plus	1.75% over \$2,500
\$3,751 -	\$4,900	pay	\$35.63	plus	2.75% over \$3,752
\$4,901 -	\$7,200	pay	\$67.25	plus	3.75% over \$4,900
\$7,201	and above	pay	\$153.50	plus	4.75% over \$7,200

• Bill Effective Date: January 1, 2022



Summary of 2021 Legislation Income Tax (continued)



- Due to the individual income tax rate reduction in HB 2962, new 2022 Oklahoma Income Tax Withholding Tables (Packet OW-2) are in effect effective January 1, 2022.
- The 2022 Packet OW-2 are available on the OTC website
- Link: [Publications \(oklahoma.gov\)](https://publications.oklahoma.gov)



Summary of 2021 Legislation Income Tax (continued)



- HB 2960 amends 68 O.S. § 2355 relating to the corporate income tax rate by reducing the corporate income tax rate from 6% to 4% beginning with tax year 2022.
- HB 2961 amends 68 O.S. § 2370 relating to the bank in lieu tax rate by reducing the rate from 6% to 4% beginning with tax year 2022.
- HB 2963 amends 68 O.S. § 2355.1P-4 relating to the pass-through entity tax to conform to the corporate income tax rate change in HB 2960, beginning with tax year 2022.
- All 3 Bill Effective Dates are January 1, 2022.



Summary of 2021 Legislation Income Tax



CREDITS



Summary of 2021 Legislation Income Tax (continued)



- HB 2962 amended the Oklahoma Earned Income Tax Credit (EITC) under 68 O.S. § 2357.43, making the credit refundable for tax year 2022 and providing that the amount of the credit will be computed using the same requirements for computing the earned income tax credit for federal income tax purposes in effect for the 2020 income tax year.



Summary of 2021 Legislation Income Tax (continued)



- SB 1080 amends 68 O.S. § 2357.206, relating to the *Oklahoma Equal Opportunity Education Scholarship Act*.
- The income tax credit would be allowed for contributions made to eligible public school foundations or public school districts on or after January 1, 2022. The amount of the credit is generally the same as current law for contributions to scholarship-granting organizations and educational improvement grant organizations.
- Contributions made pursuant to this act may not be used by the Legislature to reduce the amount appropriated for the financial support of public schools.



Summary of 2021 Legislation Income Tax (continued)



- SB 1080 (continued) - **Adds definitions**
- Defines "**eligible public school foundation**" as a nonprofit entity formed pursuant to Oklahoma law but which is exempt from federal income taxation. Each public school foundation must be approved by the local board of education prior to accepting qualifying donations.
- Defines "**eligible public school district**" as any public school.



Summary of 2021 Legislation Income Tax (continued)



- SB 1080 (continued) - Aggregate credit caps are increased and a new per school district cap is enacted.
 - Beginning with tax year 2022, this measure increases the annual credit cap for contributions to eligible scholarship-granting organizations from \$3.5 million to \$25 million, plus any suspended credits.
 - The annual credit cap for contributions to eligible educational improvement grant organizations is currently \$1.5 million. Beginning with tax year 2022, the annual credit cap for contributions to eligible educational improvement grant organizations, eligible public school foundations and public school districts is \$25 million. In addition to the \$25 million cap, the credit amount is limited to \$200,000 of credits per public school district annually.



Summary of 2021 Legislation Income Tax (continued)



- SB 1080 continued - **Additional reporting requirements.**
- On or before December 31, 2022, and once every 4 years thereafter, eligible public school foundations and public school districts shall submit to the OTC, Governor, President Pro Tempore of the Senate and the Speaker of the House of Representatives an audited financial statement along with information detailing the benefits, successes or failures of the programs.
- Eligible public school foundations and public school districts must meet the same notice and reporting requirements as scholarship granting organizations.
- In order to qualify, eligible public school foundations and public school districts shall submit an application with information to the OTC on a form prescribed by the OTC, annually report certain information to OTC and publish the required information on its website by September 1 of each year.
- Beginning in 2023 for the 2022-2023 academic year, in order to maintain registration, a scholarship-granting organization shall annually report to the OTC by September 1 of each year the certain information regarding the educational scholarships funded by the organization in the previous academic year. The OTC will make this information available on its website.



Summary of 2021 Legislation Income Tax (continued)



- SB 893 amends 68 §2357.201 relating to the Credit for Employees in the Aerospace Sector and the Credit for Employers in the Aerospace Sector by changing the definitions of qualified employee and qualified program, beginning with tax year 2021.
- The proposal expands the definition of a qualified employee to include engineers licensed as a Professional Engineer by the Oklahoma State Board of Licensure for Professional Engineers and Land Surveyors pursuant to 59 O.S. §475.15.
- The definition of qualified program is also expanded to mean a program at an institution that includes a graduate or undergraduate program accredited by the Engineering Accreditation Commission of the Accreditation Board of Engineering and Technology (ABET). Both the undergraduate and graduate programs of the same discipline of engineering at an institution shall be part of the qualified program if either program is ABET accredited.
- Bill Effective Date: November 1, 2021



Summary of 2021 Legislation Income Tax (continued)



- HB 2866 amends 68 O.S. § 2370.1 relating to the Small Business Guaranty Fee Credit by extending the sunset date from January 1, 2022, to January 1, 2025.
- Bill Effective Date: January 1, 2022



Summary of 2021 Legislation Income Tax (continued)



- SB 905 enacted a new, non-refundable income tax credit to be claimed by an employer for each verified blood donation made by an employee as part of a blood drive that is organized by an Oklahoma nonprofit blood donation organization in coordination with an employer or group of employers.
- The blood drive may not be open to non-employees.
- Effective for tax years 2022 through 2027, an employer may claim a \$20 credit for each qualified donation.
- Total credits are capped at \$500,000 per year.
- Bill Effective Date: November 1, 2021



Summary of 2021 Legislation Income Tax



DEDUCTIONS



Summary of 2021 Legislation Income Tax (continued)



- HB 2178 amends 68 O.S. § 2358 by allowing an income tax deduction (\$10,000 per individual taxpayer or \$20,000 for taxpayers filing a joint return) for contributions to accounts established under the Achieving a Better Life Experience (ABLE) program as established in 56 O.S. § 4001.1 for taxable years beginning after December 31, 2020.
- Amounts contributed but not deducted by the taxpayer in the tax year for which the contribution is made may be carried forward as a deduction from income for up to five tax years.
- Deductions may be taken for contributions made during the tax year and through April 15 of the succeeding tax year, or through the due date of a taxpayer's state income tax return excluding extensions, whichever is later.
- Bill Effective Date: November 1, 2021



Summary of 2021 Legislation Income Tax (continued)



- SB 915 enacts a new income tax deduction for qualified equity investments in an eligible Oklahoma venture capital company. The deduction, available for tax years 2022 through 2026, may not exceed \$25 million by an accredited investor during a taxable year and may not reduce Oklahoma taxable income below zero. No carryover of the deduction is allowed.
- The Oklahoma Department of Commerce is authorized to promulgate rules to enforce the provisions of this proposal and is required to annually publish a report on this program.
- Bill Effective Date: November 1, 2021



Summary of 2021 Legislation Income Tax



ADMINISTRATIVE



Summary of 2020 Legislation Income Tax (continued)



- SB 601 provides:
 - If an income tax refund is not paid to the taxpayer within a certain number of days after the income tax return is filed or due, whichever is later, the OTC must pay interest on the refund.
 - 68 O.S. § 217 - Under current law, whenever an income tax refund is not paid to the taxpayer within a certain number of days (40 for electronically filed returns / 90 days for all other returns) after the income tax return is filed, the Oklahoma Tax Commission (OTC) must pay interest on the refund to the taxpayer.
- Allows the OTC to provide a later due date for returns of individuals, calendar year corporations, fiscal year corporations, partnership returns, estate and trust returns, or estimated tax payments, if a state of emergency is declared by the Governor or upon declaration by the Internal Revenue Service to postpone certain tax filing and tax payment deadlines in disaster areas. - 68 O.S. §2368
- Amends 68 O.S. § 2368 which relates to the interest for underpayment of estimated taxes. This measure amends the period of underpayment to be consistent with 68 O.S. § 2368 both the underpayment due date of individual income tax and the corporate income tax due date are 30 days after the due date for returns established under the Internal Revenue Code (IRC).
 - Currently, the period of underpayment for corporate income tax runs from the due date of the required installment to the earlier of the fifteenth day of the third month following the close of the taxable year or the date on which the required installment is paid.



Summary of 2021 Legislation Income Tax



REFUND CHECK-OFFS



Summary of 2020 Legislation Income Tax (continued)



- SB 379 amends 68 O.S. § 2368.12 to reauthorize the income tax refund checkoff program for the benefit of Court Appointed Special Advocates. The measure allows donations to continue after December 31, 2021.
 - Bill Effective Date: January 1, 2022
- SB 436 amends 68 O.S. § 2368.17 to reauthorize the income tax refund checkoff program for the benefit of the Oklahoma chapter of the YMCA Youth and Government program. The measure allows donations to continue for tax year 2021 and subsequent years.
 - Bill Effective Date: November 1, 2021
- SB 770 amends 29 O.S. § 3-310 to reauthorize the income tax refund checkoff program for the benefit of the Oklahoma Wildlife Diversity Program. The measure allows donations to continue for tax year 2022 and subsequent tax years.
 - Bill Effective Date: November 1, 2021



Summary of 2020 Legislation - Incentives



- SB 608 enacted the "Filmed in Oklahoma Act of 2021," an incentive rebate program for certain film projects and eligible television series projects filmed or produced in Oklahoma, effective July 1, 2021, through June 30, 2031. The rebate program will be administered by the Department of Commerce (DOC) and OTC. The total amount of rebate payments conditionally prequalified by DOC each fiscal year may not exceed \$30 million. Excess rebate payments not utilized will be added to the subsequent fiscal year's limitation. (68 O.S. § 3651)
- A revolving fund is created in the State Treasury for OTC to be designated the "Filmed in Oklahoma Program Revolving Fund" (Fund) and shall consist of all monies received by OTC that are specifically required by law to be deposited in the Fund; any public or private donations, contributions, and gifts received for the benefit of the Fund, and any amounts appropriated by the Legislature.
- This measure further amended 68 O.S. § 2352. For fiscal years 2022 through 2031, \$30 million of the amounts otherwise scheduled to be placed to the credit of the General Revenue Fund shall be placed to the credit of the Filmed in Oklahoma Program Revolving Fund.
- Bill Effective Date: July 1, 2021



Summary of 2020 Legislation – Incentives (continued)



- HB 1121 amended 68 O.S. §§ 4301 and 4303 through 4305 extending the sunset date for the *Oklahoma Quality Events Incentive Act* through June 30, 2026.
- The measure also eliminates the actual documentation requirement for Quality Events and reinstates the economic impact study requirement.
- Bill Effective Date: July 1, 2021



Summary of 2020 Legislation – Incentives (continued)



- HB 2860 enacted the *Oklahoma Remote Quality Jobs Incentive Act*.
- Under this measure, proxy establishments that attract remote workers to Oklahoma with the purpose of increasing the state's population would be eligible to receive rebates on the remote workers provided the remote workers meet certain wage and health insurance requirements.
- Bill Effective Date: July 1, 2021



Summary of 2020 Legislation Sales & Use Tax



- HB 1060 amended 68 O.S. § 1360(1) to exempt from the sales tax levy, sales or transfers of tangible personal property between wholly owned subsidiaries of a parent company and between a parent company and its wholly owned subsidiary.
- Bill Effective Date: November 1, 2021



Summary of 2020 Legislation Sales & Use Tax (continued)



- HB 1935 amended 68 O.S. § 1356 by enacting a sales tax exemption for sales of tangible personal property or services used solely for construction and remodeling projects for a qualifying organization that is exempt from taxation pursuant to the provisions of the IRC, 26 U.S.C., section 501(c)(3). The qualifying organization must have as its primary purpose to construct or remodel and sell affordable housing and provide homeownership education to residents of Oklahoma that have an income that is below one hundred percent (100%) of the Family Median Income guidelines as defined by the U.S. Department of Housing and Urban Development.
- Additionally, the measure adds a sales tax exemption to qualified non-profit organizations that provide repair or restoration of single-family dwellings or the construction of a replacement single-family dwelling following a natural disaster. To be eligible for the exemption, an entity must have expended at least 75% of its funds on the restoration to single-family housing following a disaster, including related general and administrative expenses.
- Bill Effective Date: November 1, 2021



Summary of 2020 Legislation Sales & Use Tax (continued)



- HB 1566 amends 68 O.S. § 1354 by providing that the state sales tax generated on sales of admission tickets by aquariums exempt from taxation pursuant to the provisions of the IRC, 26 U.S.C. § 501(c)(3) or owned or operated by a public trust or political subdivision of this state shall be collected and disbursed to the nonprofit organization, public trust or political subdivision responsible for the aquarium's operations for use by that entity for promoting visitation primarily to out-of-state residents.
- Bill Effective Date: November 1, 2021



Summary of 2020 Legislation Sales & Use Tax (continued)



- HB 1588 amends 68 O.S. § 1357 by providing a sales tax exemption beginning January 1, 2022, until January 2027, for sales of commercial forestry service equipment, limited to, forwarders, fellers, bunchers, track skidders, wheeled skidders, hydraulic excavators, delimiters, soil compactors and skid steer loaders, to businesses engaged in logging, timber and tree farming.
- Bill Effective Date: January 1, 2021



Summary of 2020 Legislation Sales & Use Tax (continued)



- SB 415 various amendments related to the Oklahoma sales tax exemption for certified 100% disabled veterans.
- **Section 1** amended 68 O.S. § 205 to authorize the OTC to disclose to the Oklahoma Department of Veteran Affairs (ODVA) information including but not limited to the name and basis for eligibility of each individual who qualifies for the sales tax exemption pursuant to 68 O.S. § 1357(34). It also struck obsolete language contained in paragraph 11 of Subsection (C) of 68 O.S. § 205.
- **Section 2** amended the sales tax exemption afforded 100% disabled veterans pursuant to 68 O.S. § 1357(34) by providing that veterans receiving the referenced sales tax exemption prior to November 1, 2020, must register with the veterans registry prior to July 1, 2023, in order to remain qualified.
- **Section 3** amends 72 O.S. § 421 by adding the requirement that the ODVA verify veteran service disability status upon request of the OTC, as needed to verify eligibility for the sales tax exemption authorized in 68 O.S. § 1357(34).
- Bill Effective Date: April 28, 2021



Summary of 2020 Legislation Sales & Use Tax (continued)



- SB 422 amended 68 O.S. § 1358.1 relating to the Agriculture sales tax exemption by mandating that the OTC accept as proof of eligibility for the sales tax exemptions authorized pursuant to 68 O.S. §§ 1358 and 1358.1, any of the following documents:
 - a copy of an IRS Form (Schedule F, 1065, 4835, or equivalent IRS form)
 - a one-page business description form provided by the OTC
 - Farm Service Agency form 156EZ
 - or other documents at the discretion of the OTC that verify active agriculture production.
- Bill Effective Date: July 1, 2021



Summary of 2020 Legislation Sales & Use Tax (continued)



- SB 909 amends 68 O.S. § 1356 by exempting from the sales tax levy effective November 1, 2021, through December 31, 2024, sales of tangible personal property or services to a museum that operates as part of an organization that is exempt from taxation pursuant to 26 U.S.C., § 501(c)(3) and is not accredited by the American Alliance of Museums. To qualify, the described entities must operate on an annual budget of less than \$1 million.

- Bill Effective Date: November 1, 2021



Contact Information



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THANK YOU!