

OKLAHOMA ANNUAL FRANCHISE TAX RETURN

INSTRUCTION SHEET

• LIABILITY FOR FILING RETURN

Every corporation organized under the laws of this state, or qualified to do or doing business in Oklahoma in a corporate or organized capacity by virtue of creation of organization under the laws of this state or any other state, territory, district, or a foreign country, including associations, joint stock companies and business trusts as defined by Oklahoma statutes unless exempt by statutes must file.

The term "doing business" means and includes every act, power, or privilege exercised or enjoyed in this state as an incident to do or by virtue of powers and privileges acquired by the nature of all organizations falling within the purview of the Franchise Tax Code.

Without excluding other activities which may not constitute doing business in Oklahoma, and without including any activities in Oklahoma not hereinafter set forth which may constitute doing business in Oklahoma, a foreign corporation shall not be considered to be doing business in Oklahoma, for the purposes of the Franchise Tax Code, by reason of carrying on any one or more of the following activities:

The acquisition of existing real estate loans on property situated in Oklahoma where such acquisition was consummated outside of Oklahoma;

The ownership, renewal, extension, transfer and foreclosure of said loans, and the acceptance of substitute or additional obligations thereon;

All Foreign (non-Oklahoma) Corporations are required to pay an Annual Registered Agent Fee of \$100.00 with the Franchise Tax Return. (Line 13 of annual return.)

Applications for refunds must include copies of your related Oklahoma Income Tax Returns. The use of the correct corporate name and Federal Employer Identification Number on your return and all correspondence will facilitate processing and handling.

The Oklahoma Tax Commission is not required to give actual notice to taxpayers of changes in any state law.

• TIME FOR FILING AND PAYMENT INFORMATION

Oklahoma Franchise Tax is due and payable July 1st of each year, or if you elected to change your filing date to be the same as the date of filing your corporate income tax, the report and tax will be delinquent if not paid by the fifteenth (15) day of the third month following the close of the corporate income tax year. A ten percent (10%) penalty and one and one-fourth percent (1 1/4%) interest per month is due on payments made after the due date.

If the Charter or other instrument is suspended, a fee of \$15.00 is required for reinstatement. (Line 16 of annual return.)

If you file an extension to file your corporate income tax return, a copy of your request to file an extension must accompany your franchise tax return. Extensions of time to file may be granted upon receipt of a tentative return and remittance based on an estimate of the tax due. However, the extension does not have the effect of waiving penalty or interest on remittances made after the due date.

The return must be legible and suitable for microfilming purposes. The original must be returned to the Tax Commission. **Make entries only within the boxes provided.** Please form your entries as shown in the character formation guide at the top right of the return. Handle carefully. Damaged documents may affect timely crediting of your account. Please use a #2 pencil or pen with black ink to mark your entries on these forms.

• FRANCHISE TAX COMPUTATION

The basis for computing your Oklahoma Franchise Tax is the balance sheet as shown by your books of account at the close of your last preceding income tax accounting year, or if you have elected to change your filing to match the due date of your corporate income tax, the balance sheet for that corporate income tax year.

The franchise tax for organizations doing business both within and outside of Oklahoma, is computed on the proportion to which property owned, or property owned and business done, within Oklahoma, bears to total property owned, or total property owned and total business done everywhere.

"Property owned" is the book value of the assets. For the purpose of determining apportionment as between Oklahoma and elsewhere, liabilities are not to be deducted from gross assets.

The term "business done" means and includes the engaging in any activity or the performing of any act or acts in this state that constitutes the doing or transacting of business. Business done in Oklahoma includes sales shipped from Oklahoma to another state in which the corporation is not doing business.

Inter-company balances, as between parent, subsidiary and/or affiliates, are to be eliminated from the calculations necessary to determine the amount of franchise tax due.

The franchise (excise) tax is levied and assessed at the rate of \$1.25 per \$1000 or fraction thereof on the amount of capital used, invested or employed in Oklahoma.

FIRST STEP...

COMPLETE BALANCE SHEET AND

SCHEDULES B, C & D (MUST BE RETURNED WITH ANNUAL RETURN.)

- Line 1** through 3, cash, notes, accounts receivable, and inventories are to be reported at book value.
- Line 4** United States, municipal, commercial and other bonds owned by the corporation.
- Line 5** Prepaid expenses and deferred charges are to be included as assets at book value.
- Line 8** Stock or other evidence of ownership in subsidiary organizations as shown on the corporations books of account.
- Lines 9b, 10b, 11b.** If accumulated depreciation and depletion appear to be excessive, the excess may be disallowed.
- Line 13** Patents, trade marks, copyrights, etc. and franchises are to be included as assets to the extent of their cost. In the case of a definite term franchise, the cost thereof may be amortized over its life. Good will is an asset and should be shown at book value. All intangibles including cash, are to be apportioned wholly to Oklahoma unless a commercial or business location for the intangibles has been established elsewhere.
- Line 14** Life insurance, where the reporting taxpayer is beneficiary, is to be shown at cash surrender value.
- Line 15** Total net amount of lines 6 through 14.
- Line 18** Total lines 15, 16 and 17.
- Line 20** Reserves for taxes are allowable to the extent such taxes are unpaid. Deferred credits are included in capital employed unless they can be shown to be actual liabilities.
- Line 21** Short term debt is defined as any portion of any bond, note, debenture or other evidence of indebtedness which is payable within three years from the balance sheet.
- Line 26** Stockholder loans must be repaid within three years of creation to be considered a current liability. Contingent assets or liabilities should not be included unless fully explained and the condition under which they become actual is clearly set forth.
- Line 32** Total lines 23 through 31. The amounts as shown by the books of account shall be the measure of value of the assets and liabilities, except when the items on the books of account are in error or lack sufficient detail to truly reflect the amount of capital invested and employed in the business.

SECOND STEP...

COMPLETE THE OKLAHOMA ANNUAL FRANCHISE TAX RETURN

- Item D** Place an "X" in the box if you are incorporated in the State of Oklahoma.
- Item E** Place an "X" in the box if you incorporated in a state other than Oklahoma.
- Item F** Place an "X" in the box if any of the preprinted information is incorrect. Please make corrections in the space provided at the bottom of the page (Item K).

If incorrect...

1. Taxpayer FEIN

2. Reporting Period

3. Corporate Name
or Address

Then...

Write the correct federal employers identification number within the boxes in Block H.

Place the last two digits of the year end which this return covers in the boxes in Block I.

Fill in only the corrected information in the space provided at the bottom of the form (Item K).

- Item G** Place an "X" in the box if you have not completed a year end balance sheet and are therefore filing an estimated return. You must file an estimated return and remit tax due.

(CONTINUED FROM LOWER LEFT COLUMN)

- Item H** If your FEIN is not preprinted in Item A, please enter your FEIN.

- Item I** Enter the tax year for which you are filing a return.

- Item J** Enter your balance sheet date. (month/date/year)

Lines 1 through 11 (except 9) are derived from your balance sheet. Please put the date of the balance sheet in the date boxes provided (Item J).

Line 9 (Percent of Oklahoma Assets)

Select which option you will use to determine the apportionment of Oklahoma assets.

Option 1: Percent of Oklahoma assets and business done to total assets and business done. (line 6 divided by line 8). Round to four decimal points.

Option 2: Percent of Oklahoma assets to total net assets (line 1 divided by line 2). Round to four decimal points.

Line 12 (Tax)

Enter the amount calculated at \$1.25 for each \$1000.00 of Capital from Line 4 or Line 11. The minimum tax is \$10.00. The maximum tax is \$20,000.

Line 13 (Registered Agent Fee)

If you are incorporated in a state other than Oklahoma, the Secretary of State of Oklahoma charges an annual registered agent fee of \$100.00.

Line 14 (Interest)

If this return is postmarked after the due date the tax is subject to 1.25% interest per month from the due date until it is paid. Multiply the amount in Line 12 by .0125 for each month the report is late.

Line 15 (Penalty)

If this return is postmarked after the due date, the tax is subject to a penalty of 10%. Multiply the amount in Line 12 by .10 to determine the penalty.

Line 16 (Reinstatement Fee)

If you have been suspended, you must be reinstated. To be reinstated, please enter \$15.00.

Line 17 (Total Due)

Total of Lines 12 through 16.

THIRD STEP...

Schedule A: Officer Information

Review the preprinted officer information. If it is incorrect, please make the necessary changes. Be sure to update with your current officers' name, address and social security number. Schedule A must be returned with the return even if no changes have been made. Failure to return Schedule A could result in the corporate charter being suspended.

FOURTH STEP...

Mail this return in the enclosed envelope. Please include your return, payment, balance sheet, and schedules A, B, C, and D.

Please mail to: **Oklahoma Tax Commission
Franchise Tax
P.O. Box 26930
Oklahoma City, OK 73126-0930**

Mandatory inclusion of Social Security and/or Federal Employer's Identification numbers is required on forms filed with the Oklahoma Tax Commission pursuant to Title 68 of the Oklahoma Statutes and regulations thereunder, for identification purposes, and are deemed to be part of the confidential files and records of the Oklahoma Tax Commission.