



OKLAHOMA

Tax Commission

MeF Electronic Return Filing Guide for Software Developers

Oklahoma Individual Income Tax

Tax Year 2020

September 1, 2020

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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 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 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 (state-only) returns will not be accepted on an original filing. Unlinked returns will be accepted on an amended return.

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 2020, 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 511CR Other Credits to Oklahoma Income Tax

This form is used to report the other credits to Oklahoma income tax reported on Form 511, line 18 or Form 511NR, line 23.

OTC Form 511-TX Credit 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 17 or Form 511NR, line 22. 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 26 (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 27 (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 566 Credit for Qualified Software or Cybersecurity Employees.

This form is used to report the nonrefundable credit on Form 511CR, line 5.

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 28.

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 564 Credit for Employees in the Aerospace Sector

This form is used to report the credit reported on Form 511CR, line 17.

OTC Form 565 Credit for Employers in the Aerospace Sector

This form is used to report the credit reported on Form 511CR, line 18.

OTC Form 584 Credit for Employees in the Vehicle Manufacturing Industry

This form is used to report the credit reported on Form 511CR, line 26.

OTC Form 585 Credit for Employers in the Vehicle Manufacturing Industry

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

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.

Note: TPOS Tax Paid Other State

In order to automate the processing and validation of taxes paid to other states, the OTC will be supporting the TPOS (TaxPaidOtherState) schema. Presence of the TPOS may eliminate the requirement for copies of other state returns to be mailed to the OTC or submitted as PDF.

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 511EF), is required for all electronic returns and is to be retained by the ERO for three years.

Copies of form W-2, W-2G, or 1099s, which would normally be attached to a paper return, must be attached to Form 511EF 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
- FTAC'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:

1. Returns from preparers, originators, or transmitters who have not been accepted into the Electronic Filing Program.
2. Amended or corrected returns prior to TY 2020.
3. Returns for any tax year other than the current and two prior tax years. 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.

Acknowledgment System

The Oklahoma 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 by the IRS, state agencies, transmitters and software developers. See **Oklahoma Business Rules**.

Transmitters and software developers should allow one 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 transactions 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 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: To Arrive at Oklahoma Adjusted Gross Income		Round to Nearest Whole Dollar	
1	Federal adjusted gross income (from Federal 1040, or 1040-SR)	1	161582
2	Oklahoma Subtractions (enclose Schedule 511-A)	2	
3	Line 1 minus line 2	3	161582
4	Out-of-state income, except wages. Describe (4a) (Enclose Federal schedule with detailed description; see instructions) See Additional Schedule	4b	1196
5	Line 3 minus line 4b	5	
6	Oklahoma Additions (enclose Schedule 511-B)	6	
7	Oklahoma adjusted gross income (line 5 plus line 6)	7	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 resident individual whose gross income from both within and outside of Oklahoma exceeds the standard deduction plus personal exemption is required to file an Oklahoma income tax return. See Charts A & B below.

DETERMINING YOUR FILING REQUIREMENT

If you do not meet the Oklahoma filing requirement as shown in either Chart A or Chart B, you are not required to file an Oklahoma tax return. If you have withholding, made estimated tax payments or qualify for a refundable credit, you should file a return to get your refund.

Chart A: Oklahoma Filing Requirements - You must file a return if your gross income exceeds the amount shown.

Filing Status	Gross Income
Single	\$7,350
Married Filing Joint	\$14,700
Married Filing Separate	\$7,350
Head of Household	\$10,350
Qualifying Widow(er) with a Dependent Child	\$13,700

Chart B: Oklahoma 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 an Oklahoma return. You must file a return if your gross income exceeds the amount shown.

Marital Status	Gross Income
Single Dependents	\$8,350
Married Dependents	\$8,350

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. To claim the Oklahoma standard deduction, the taxpayer must claim the standard deduction on their federal return.

Standard Deductions

Filing Status:	Standard Deduction
Single or Married Filing Separate	\$6,350
Head of Household	\$9,350
Married Filing Joint or Qualifying Widow(er)	\$12,700

Itemized Deductions

Schedule 511-D and 511NR-D “Oklahoma Itemized Deductions” is used to calculate Oklahoma itemized deductions. The schedule begins with federal itemized deductions from the federal Schedule A. State and local sales or income tax included on federal Schedule A may not be used to calculate Oklahoma itemized deductions and must be added back. Oklahoma itemized deductions are limited to, and may not exceed, \$17,000. Charitable contributions and medical expenses are not subject to the \$17,000 limit.

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 Separate (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 -	over	Pay	255.00 +	5.0% over 12,200	7,200 -	over	Pay	171.50 +	5.0% over 7,200

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-of-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 1/1/2020 through 12/31/2020.....	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 21	4	

Use Tax Worksheet Two		For Taxpayers Who Do <u>Not</u> Have Records of All Out-of-State Purchases	
1	Purchases of items costing less than \$1,000: See the Use Tax Table on page 14 to establish the use tax due based on your Federal AGI from Form 511, line 1	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 1/1/2020 through 12/31/2020	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 21	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 our website at: tax.ok.gov.

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If Federal AGI (Form 511, line 1) is:		Your Use Tax Amount is:
At least	But less than	
0	2,090	1
2,090	4,870	2
4,870	8,420	3
8,420	11,795	4
11,795	15,295	5
15,295	18,920	6
18,920	22,420	7
22,420	26,045	8
26,045	29,870	9
29,870	33,170	10
33,170	36,795	11
36,795	40,295	12
40,295	43,920	13
43,920	47,420	14
47,420	51,045	15
51,045	54,870	16
54,870		17
		18
		19
		20
		21
		22
		23
		24
		25
		26
		27
		28
		29
		30
and over		multiply Federal AGI times 0.00056