



OKLAHOMA
Tax Commission

Tax Year 2020

**Modernized e-File Handbook
for Tax Practitioners, EROs, Transmitters and
Software Developers**

**Corporate Income Tax (Form 512)
Small Business Corporate Income Tax (Form 512-S)
Partnership Income Tax (Form 514)
Fiduciary Income Tax (Forms 513 & 513NR)**

9-2020

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Introduction

The Oklahoma Tax Commission (OTC), in conjunction with the Internal Revenue Service (IRS), began accepting Form 512 Oklahoma corporate income tax returns and corresponding forms for tax year 2009 by method of the Modernized e-File system (MeF). During Tax Year 2011, Oklahoma expanded e-file to include the Form 512-S small business corporation income tax returns. Form 514 partnership returns were accepted beginning Tax Year 2014. Form 513 and 513NR fiduciary returns were accepted beginning Tax Year 2015.

The transmission method is a web service using Simple Object Access Protocol (SOAP) with attachments messaging. The return data is formatted using Extensible Markup Language (XML). Authorized e-file providers, also known as Electronic Return Originators (ERO's), can submit returns to the IRS MeF system for federal and state return processing. The state submission can be transmitted as a "linked" return, also referred to as a Fed/State return, or as an "unlinked" return, also referred to as a State Standalone return. Each return must be in a separate submission. Multiple submissions may be contained in a single message payload. Software developers must test with the OTC prior to submitting live Fed/State or State Standalone returns.

Oklahoma Electronic Filing Calendar

Corporate Income Tax Returns (Forms 512, 512S, 513, 513NR & 514)

Begin Software Testing	TBD
Begin Transmitting Returns	TBD

Note: Oklahoma's target dates for testing and production will be a few days after the IRS opens.

Publications

Use this handbook in conjunction with the following publications. The OTC conforms to all requirements, rules and regulations set forth by the IRS. Oklahoma publications are not intended to alter or amend the IRS requirements.

IRS Publication 3112 – IRS e-File Application and Participation

IRS Publication 5078 – Modernized e-File (MeF) Test Package

IRS Publication 4163 – Modernized e-File (MeF) Information for Authorized IRS E-file Providers for Business Returns

IRS Publication 4164 – Modernized e-File (MeF) Guide for Software Developers and Transmitters

Oklahoma 512 Packet – Corporate Income Tax Return and Instructions

Oklahoma 512-S Packet – Small Business Corporate Income Tax Return and Instructions

Oklahoma 513 Packet – Fiduciary Resident Income Tax Forms and Instructions

Oklahoma 513NR Packet – Fiduciary Nonresident Income Tax Forms and Instructions

Oklahoma 514 Packet – Partnership Income Tax Forms and Instructions

Oklahoma Business Rules

Oklahoma MeF Schemas (For Software Developers)

Oklahoma Test Package for Electronic Filing of Corporate Income Tax Returns (For Software Developers)

Chapter 1

Changes to 2020 Income Tax

Changes to forms that may be transmitted electronically are listed under the applicable form. For other changes, see the section titled "Miscellaneous".

Form 511CR Other Credits Form

The following income tax credits have been amended:

Form 567A – Credit for Investment in Clean-Burning Motor Vehicle Fuel Property

- Extends the sunset date from tax year 2019 to tax year 2027.
- Imposes a statewide cap of \$20 million effective for tax year 2020.
- Reduces the infrastructure component (delivery of compressed natural gas, liquefied natural gas or liquefied petroleum gas, for commercial purposes or for a fee or charge; or a metered-for-fee, public access recharging system for motor vehicles propelled in whole or in part by electricity) from 75% to 45%.
- Amends the credit amount of the motor vehicle component, it will no longer be 45% of the cost of the qualified clean-burning motor vehicle property, but will now be based on the weight of the vehicle as outlined below:
 - a. For vehicles less than or equal to 6,000 pounds, the credit is \$5,500.
 - b. For vehicles 6,001 to 10,000 pounds, the credit is \$9,000;
 - c. For vehicles 10,001 to 26,500 pounds, the credit is \$26,000;
 - d. For vehicles equal to or greater than 26,501 pounds, the credit is \$50,000.

The credit for railroad modernization was modified to increase both the individual credit amount and the total annual credit cap.

Miscellaneous

See the [2020 Legislative Update](#) located on our website for a complete list of legislative changes.

Contact Information

For question or inquiries please contact:

E-File Issues

Crystal Cameron, E-File Coordinator 405.522.5723

efiledevelopers@tax.ok.gov

Oklahoma Tax Commission

Crystal Cameron - Account Maintenance Division

PO Box 269060

Oklahoma City OK 73126-9060

General Corporate Income Tax Questions

Corporate Income Tax Section 405.521.3126

otcmaster@tax.ok.gov

Oklahoma Tax Commission

Compliance Division – Corporate Income Tax PO

Box 269054

Oklahoma City OK 73126-9054

Other Information:

tax.ok.gov

Taxpayer Resource Center – 405.521.3160

Physical Address: Oklahoma Tax Commission

2501 N Lincoln Blvd

Oklahoma City OK 73194

Acceptance and Participation

EROs and Transmitters must be approved with the IRS in order to submit Fed/State or State Standalone returns. You do not need to register with the OTC. Upon IRS approval for electronic filing, you are automatically approved for Oklahoma.

Software Developers must register by completing Form D-106 2020 Tax Software Provider Letter of Intent. You may download test returns from the State Exchange System. We will open for testing a few days after the IRS. When test returns are submitted, please email the submission IDs to efiledevelopers@tax.ok.gov. We do not automatically pull submissions in our test environment. Include in the subject of the email the name of the product being tested.

Types of Returns Accepted

- **Linked (Fed/State Returns)**

The federal and state submissions do not have to be transmitted to MeF together. A state submission can be linked to the federal submission by including the submission ID of the federal return in the state manifest. If the state submission is linked to a federal submission, also referred to as a Fed/State return, the IRS will check to see if there is an accepted federal submission under that submission ID.

If there is not an accepted federal return, the IRS will deny the state submission and an acknowledgement will be sent. Oklahoma will have no knowledge that the state return was denied or rejected by the IRS.

If there is an accepted federal return under that submission ID, then the IRS will do minimal validation on the state submission and pass along to the state what the ERO or Transmitter sends in the state submission. Oklahoma will generate the acknowledgement for the Oklahoma return and send it to the MeF system for the transmitter to retrieve.

- **Unlinked (State Standalone Returns)**

If the ERO or Transmitter does not link the state return to a previously accepted federal return, also referred to as State Standalone, the IRS will perform minimal validation and will pass along to the state the entire state submission that was sent in by the ERO or taxpayer. The state return is made up of the Oklahoma return and applicable federal return; the taxpayer is required to provide both components. Oklahoma will generate the acknowledgement for the Oklahoma return and send it to the MeF system for the transmitter to retrieve.

What Can be Transmitted Electronically

The Oklahoma electronic return will consist of data transmitted as well as supporting PDFs. In total, an electronic return contains the same information as a comparable return filed entirely on paper.

The following is a list of all of the XML forms that Oklahoma accepts electronically. Software Developers are not required to support all of the supplemental forms that Oklahoma accepts electronically.

Income Tax Return

- Form 512 – Oklahoma Corporate Income Tax Return
- Form 512-S – Oklahoma Small Business Corporate Income Tax Return
- Form 513 – Oklahoma Fiduciary Resident Income Tax Return
- Form 513NR – Oklahoma Fiduciary Nonresident Tax Return
- Form 514 – Oklahoma Partnership Income Tax Return Supplemental Forms
- Form 512-FT – Computation of Oklahoma Consolidated Annual Franchise Tax
- Form 512-TI – Computation of Oklahoma Consolidated Taxable Income
- Form 514-PT – Oklahoma Partnership Composite Income Tax Supplement
- Form 511CR – Other Credits Form
- Form 561C – Oklahoma Capital Gain Deduction for Corporations Filing Form 512
- Form 561F – Oklahoma Capital Gain Deduction for Trusts and Estates Filing Form 513
- Form 561P – Oklahoma Capital Gain Deduction for the Nonresident Partner included in the Composite Return, Form 514, Part 1
 - Form 561S – Oklahoma Capital Gain Deduction for Nonresident Shareholder Whose Income is reported on Form 512-S, Part 1
 - Form 561NR-F – Oklahoma Capital Gain Deduction for Trusts and Estates Filing Form 513NR

- Form 561-PTE – Oklahoma Capital Gain Deduction for an Electing Pass-Through Entity (PTE) Filing Form 587- PTE.
 - Form 565 – Credits for Employers in the Aerospace Sector
 - Form 585 – Credit for Employers in the Vehicle Manufacturing Industry
 - Form 587-PTE – Oklahoma Pass-Through Entity Tax Supplement
- Forms 506 – Investment/New Jobs Credit (A current year form plus a form for each of the previous four years.)
- Form OW-8-P – Underpayment of Estimated Tax Worksheet
 - Form 567-A – Credit for Investment in Clean-Burning Motor Vehicle Fuel Property
 - Form 577 – Refundable Coal Credit
 - Form 578 - Refundable Credit for Electricity Generated by Zero-Emission Facilities
 - Form 500-A – Information Return – Production Payments (Use this form if it shows Oklahoma withholding.)
 - Form 500-B – Information Return – Report of Nonresident Member Income Tax Withheld (Use this form if it shows Oklahoma withholding.)
 - State Form 1099Misc – Miscellaneous Income (Use this form if not part of the federal return and it shows Oklahoma withholding.)

Note: Any of the above supplemental forms that a developer does not support as XML data should be attached as pdf documents.

Amended Returns

Amended returns may be electronically filed. The “Amended Return” checkbox must be marked or the return will be rejected as a duplicate filing.

Submission/Return Type

Accepted Values for the State Submission Type in the Manifest and the Return Type in the Return Header are:

- OK512Sep – For a Separate Corporate Return (In the schema this is OK512Single)
- OK512Con – For a Consolidated Corporate Return (In the schema this is OK512)
- OK512S – For an S Corporation Return (In the schema this is OK512S)
- OK513 - For a Resident Fiduciary Return (In the schema this is OK513)
- OK513NR – For a Nonresident Fiduciary Return (In the schema this is OK513NR)
- OK514 – For a Partnership Return (In the schema this is OK514)

Attachments to the Electronic Return

The tax return may also include non-XML documents, known as “binary attachments”, submitted in PDF format. These attachments include items from the following sources:

- Form 512-SA – Nonresident Shareholder Agreement (must have an original signature)
- Form/Schedule not supported – any Oklahoma forms or schedules which are required to be filed with the return, but not supported in XML format.
- Supporting documentation – any supporting documentation required to be submitted with a form.
- Additional information – any additional information that needs to be filed with the return.

Approved MeF tax preparation software should provide the necessary instructions for creating, scanning or exporting documents in PDF format and submitting these documents as attachments as are required by Oklahoma and IRS publications, code, and/or regulations. Preparers will create the binary attachments as PDF documents and submit them as electronic files attached to the MeF return.

Copy of Federal Return Required

The complete federal return and the necessary supporting schedules as submitted to the IRS are required to be submitted with the Oklahoma return. If the taxpayer is included in the federal return of a consolidated group, a copy of the pro-forma federal return for the company must be included along with the first four pages of the consolidated federal return and the consolidating income statement, balance sheet and schedule M-1/M-3 including applicable detailed schedules. The federal return must be in XML format, providing only a PDF attachment will cause the submission to be rejected.

What Cannot be Transmitted Electronically

Oklahoma follows the IRS guidelines for MeF exclusions. Refer to IRS Publication 4164 for more information. In addition to the IRS guidelines, the following types of returns are excluded from electronic filing:

- Returns with cent entries
- Returns for any year other than the current and two prior tax years.

Form EF Signature Document

The Form EF must be completed and signed by all required parties.

- The original is to be retained by the ERO, along with a copy of the e-filed return, for three years and made available to the OTC upon request. All EROs will be subject to periodic reviews by the OTC to ensure the paperwork is being retained.
- The taxpayer must be provided with a copy of the Form EF along with documentation of all completed Oklahoma forms and schedules filed for the taxpayer. This documentation may be furnished on official Oklahoma forms, on copies of official forms, or on software designed forms that have been approved by the OTC.

Entry of the taxpayer's personal identification number (PIN) or use of an electronic signature pad (as authorized by the Internal Revenue Service) in the electronic filing process operated by the IRS shall serve as an "electronic signature". Entry of the taxpayer's PIN or use of an electronic signature pad as signature will only be allowed on a linked (Fed/State) electronically filed return. Use of a taxpayer's PIN will not be allowed on an unlinked (State Standalone) return.

Acknowledgement System

The OTC 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.

Transmitters and software developers should allow one business day to receive the state acknowledgment before contacting the OTC.

A return is not considered filed until an acknowledgement of acceptance has been received.

Timeliness of Filing

All prescribed due dates for filing of returns apply to MeF returns. If any due date falls on a Saturday, Sunday or legal holiday when OTC's offices are closed, the return must be filed by the next business day.

Other Guidelines

- ExplanationStatement element –

The Explanation Statement may be used to provide additional information. For example, the taxpayer wants to elect to forego the Oklahoma net operating loss carryback period. The <ExplanationStatement> element may be used for this election.

Balance Due Returns

Taxpayers who file their return electronically can elect to pay their balance due by four different methods. The taxpayer is responsible for paying the amount due to the OTC when a return is filed or no later than the original due date.

- Direct Debit, also known as electronic funds withdrawal, for a full or partial payment when filing their return and choose an effective date.
Taxpayers may have their payments directly withdrawn from their checking or savings account. The bank routing and account numbers, the amount to be withdrawn and the date the funds are to be withdrawn must be supplied as part of the e-filed return.

The RequestedPaymentDate in the StatePayment section of the FinancialTransaction is used to indicate an ACH debit's effective date. Holidays and weekends are not valid effective dates.

Oklahoma does not accept International ACH Transactions (IAT) at this time. If the IAT indicator field is marked, the taxpayer should submit the balance due by another means.

- Electronic Funds Transfer (EFT) ACH Debit.
Taxpayers can choose to have their payment directly withdrawn from their checking or savings account via the OTC website. Visit the "Online Services" section at tax.ok.gov
- Credit Card Payment
Credit card payments may be made through the OTC website. Visit the "Online Services" section at tax.ok.gov Please be aware a convenience fee will be added to the transaction.
- Check or Money Order accompanied by Form EF-V
Checks or money orders should accompany the Form EF-V and be mailed to:
Oklahoma Tax Commission
Electronic Filing
PO Box 26890
Oklahoma City OK 73126-0890
Do not mail a copy of the tax return with the payment.

If the taxpayer is making a partial payment, a billing letter will be sent for the balance due at which time the taxpayer will have the option of paying the remaining balance in full or see if they qualify for a payment plan.

Refund Returns

Taxpayers have three options when their return shows an overpayment of tax. They may elect to have any or all of their overpayment:

- Direct deposited into a checking or savings account. The bank routing and account numbers must be supplied as part of the e-filed return. *Due to the electronic banking rules, the OTC will not allow direct deposits to or through foreign financial institutions. The taxpayer will be issued a paper check.*
- Applied to next year's estimated tax. This is only available on original returns.
- Donated to a variety of Oklahoma organizations. See Form 512 or 512-S instructions for a list of the organizations.

Taxpayers should first confirm acknowledgment of their Oklahoma return with their practitioner or transmitter. Tax preparers should wait at least seven days from the date of acknowledgment before contacting the OTC about their refund.

Changes to Electronic Returns

After an electronic return is acknowledged as accepted, it cannot be recalled, intercepted or changed in any manner. If either the ERO or taxpayer wishes to change any entries on an accepted electronic return, an amended return must be filed.

Name, address or FEIN changes may be made by contacting our Audit Division by:

Phone: 405.521.3126

Fax: 405.522.3283

Mail:

Oklahoma Tax Commission

PO Box 269054, Oklahoma City OK 73126-9054.

Include your name and telephone number on all correspondence.

Responsibilities of Electronic Filers

The guidelines in IRS publications must be followed for Oklahoma electronic filing.

- **Penalties for Disclosure or Use of Information**

Guidelines outlined in Section 6, IRS Revenue Procedure 93-8 should be followed, as well as Title 68, Section 205 Oklahoma Statutes.

- **Penalties for Late Filing, Late Payment and Fraudulent Returns**

This provision provides due notice that all penalties, interest and criminal provisions which are applicable for paper returns, are also applicable for electronic returns. Specifically, penalty and interest on tax for late filing and/or late payment will be assessed.

Penalties will be assessed for any person filing a fraudulent or misleading return. Additionally, any person who willfully subscribes or presents a fraudulent return will be subject to prosecution and the penalties.

- Other criminal provisions will be applicable to the extent that a person attempts to commit forgery and falsify signatures on any electronic filing form or check.
- Any attempt to pass bad checks for payment of taxes will be prosecuted.

- **Advertising Standards**

Guidelines in IRS Publications and Revenue Procedure 93-8, Sec 12.01 through 03 and 05 through 09 must be followed for Oklahoma MeF, as though references to the IRS or Service were references to the OTC, State of Oklahoma, or the State and references to the FMS or treasury seals were references to the State of Oklahoma seal.

- **Monitoring and Suspension of an Electronic Filer**

The OTC will monitor electronic filers for conformity to this publication. Under the MeF Program, the OTC can recommend suspension of an electronic filer for due cause through the local IRS District Office Coordinator.

Note: Warning letters, suspension and rejection from electronic filing will be administered by the local IRS District Director.