

# Attention!

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This publication is mailed out in its full version quarterly. If you would like to have your name added to our mailing list, please contact us via one of the formats below:

1. Phone (405) 521-3637
2. Fax (405) 522-1711
3. Mail: Oklahoma Tax Commission  
Communications Division  
2501 North Lincoln Blvd.  
Oklahoma City, OK 73194
4. E-mail: [publications@oktax.state.ok.us](mailto:publications@oktax.state.ok.us)

Thank you.

# Oklahoma Business Bulletin



A Publication of the Oklahoma Tax Commission

The Oklahoma Tax Commission has several convenient locations available to serve taxpayers all across the state. Listed below are the state offices, addresses and telephone numbers.

#### Oklahoma City •

(405) 521-3279  
2501 N. Lincoln Blvd.

(405) 522-0789  
Shepherd Mall  
NW 23<sup>rd</sup> and Villa

#### Tulsa •

(918) 581-2399  
440 South Houston

#### McAlester •

(918) 426-0777  
1533 South Main

#### Lawton •

(580) 248-8440  
1602 NW Lawton Ave. #B

#### Ardmore •

(580) 226-4636  
301 West Main, #316

#### In-State Toll Free •

1 (800) 522-8165  
• extension 1-3279

..... The Oklahoma Business Bulletin is a quarterly publication of the Communications Division of the Oklahoma Tax Commission.

Questions and/or comments regarding this publication should be directed to the Communications Division at (405) 521-3637, or by writing to: Oklahoma Tax Commission, Communications Division, 2501 N. Lincoln Blvd., Oklahoma City, OK 73194.

## Oklahoma's Franchise Tax Rules Defined and Changes Highlighted

In Oklahoma, Franchise Tax is assessed on all for-profit corporate entities that enjoy the privilege of doing business in our state.

Many companies, either for-profit or not-for-profit, will incorporate to provide limited liability to the owners and officers of the corporation. Filing a Franchise Tax return is important to the public, as well as the State, as it not only provides revenue, but lists of officers that are then available to the public. Franchise tax brings in money to fill the General Revenue Fund. In FY98, \$43,253,000 was collected.

The rate of Franchise Tax is \$1.25 per each \$1,000 of the corporation's capital employed or used in Oklahoma. A balance sheet is used to calculate the amount. The minimum amount in Franchise Tax a corporation must pay is \$10.00. The maximum is \$20,000. For those corporations filing the minimum or the maximum, a special return is used that is far easier to complete than the standard return.

In the past, the return must have been filed on July 1 (as the year for Franchise Tax is defined as July 1-June 30). Now, corporations have the option of continuing to file on this date, or registering to file on the same day its corporate income tax is due. However, the corpora-

tion must have made arrangements with the Oklahoma Tax Commission to do so. At this time, approximately 26% of corporations have elected to file in conjunction with their income tax due date.

Extensions to file for Franchise Tax are possible only for corporations who have chosen to correspond their filing dates with their corporate income tax return. The extension is granted, automatically, with an approved corporate income tax extension. It is important to remember an extension to file is merely that; it is not an extension to pay. Corporations must still pay by their required date.

(continued page 2 • "Franchise Tax")

## OTC Offers Disaster Relief

On May 3 some of the most destructive weather ever recorded hit Oklahoma, causing damage to many regions around the state. In recognition of this state and federal agencies have been quick to respond to the needs of Oklahomans.

The Oklahoma Tax Commission's (OTC) Disaster Management Team also sprung into action. "We recognize that there are four entities affected by losses, which include individuals, business, cities, and also counties," said Russ Nordstrom, Director of Taxpayer Assistance and also the team's coordinator. We want taxpayers to know that we are here to provide them with quality customer service, and prompt replies to all their inquiries.

A special phone number has been set up for inquiries taxpayers may have regarding their records and accounts. Personnel at this number are

(continued page 3 • "Disaster Relief")

## Franchise Tax...

• continued from page 1

If a corporation fails to file Franchise Tax, its privilege to practice within the state will be suspended. If the corporation continues to practice with suspended licensing, it will not be operating as a corporation and limited liability to its officers will not apply. Thus, in any legal dispute, a plaintiff will be able to bring suit against the company's officers individually.

After being suspended, the company has the option of paying the tax, as well as a \$15.00 reinstatement fee, and will receive a certificate of good standing, which will allow it to once again operate as a corporation.

Franchise Tax is one of the oldest State taxes, and unfortunately, the return as well as the balance sheet may require complex calculations to determine the tax base of the capital employed in Oklahoma. Most large companies, especially those out of state, will have accountants on the payroll to handle these calculations as well as other tax-related issues. For smaller companies, a CPA will usually be able to handle the Franchise Tax return for a typical fee of \$50.00-\$150.00. One benefit of opting to file at the same time as one's corporate income tax is to curb some of the accounting costs for smaller businesses.

To obtain Franchise Tax forms, or for information regarding Franchise Tax, call Taxpayer Assistance at (405) 521-3160. All returns should be mailed to:

Oklahoma Tax Commission  
P.O. Box 26930  
Oklahoma City, OK 73126 ■

# Coin Device Decals Due

The annual renewal period for coin device and vending machine decals is upon us. Your year 2000 decals must be on your machines by July 1, 1999. The Tax Commission currently has the new decals available for sale at the following locations:

- Oklahoma City at the Capitol Complex, 2501 North Lincoln, M.C. Connors Building, 1<sup>st</sup> Floor
- Oklahoma City at the Shepherd Mall location, at NW 23<sup>rd</sup> and Villa
- Tulsa office, 440 S. Houston

Coin device decals are purchased at their respective fees in lieu of paying sales tax. The benefit of having coin device decals available for the business owner and the state is that they simplify the process of collecting, accounting and remitting taxes for us both.

Compliance with coin device statutes and rules is generally good. However, there are some frequently misunderstood areas of the law that we can clarify with the information that follows. Compliance can help eliminate disruption of your business.

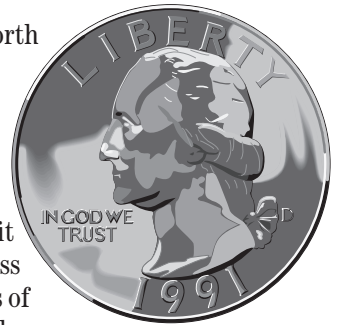
Coin device decals are required for each machine if the machine can, upon insertion of a coin, token or similar object, provide music, amusement or entertainment or dispense products separate and apart from any other provider of music, amusement or entertainment or dispenser of products. Examples of commonly misunderstood applications of this rule are two-player video games that, have one coin slot, but could operate independently if separated. Or multiple machines placed on a tree or a stand. In these two examples the former would require two decals and the latter would require a decal for each machine on the stand.

Machines not requiring decals are devices owned by and located in a private or public school, a church, a governmental entity, or installed on a federal military base. Also, vending devices that dispense only newspapers or periodicals and vending devices that dispense only postage stamps. Another example of machines exempt from decals would be for vending devices that dispense only prepaid phone cards.

Before any coin device is put into operation, a current year decal (2000 decals expire June 30, 2000) must be "firmly affixed" to the device and plainly visible to and readable by the public. The Tax Commission interprets firmly affixed as attached using the adhesive incorporated on the decal and attached directly on the machine - not to an attachment such as a piece of plastic or plexi-glass that is additional to the original manufactured device.

The annual fee required for different types of devices is as follows:

- Coin-operated music or amusement device, \$50
- Coin-operated vending device requiring a coin or token of value of \$.25 or more, \$50
- Coin-operated vending device requiring a coin or token of value of \$.25 or less, \$10



(continued page 3 • "Coin Device")

## Disaster Relief...

• continued from page 1

specially trained to answer questions or put callers in touch with the correct area for answering. Representatives are available from 7:30 am - 4:30 pm, Monday through Friday at (405) 522-5500.

Types of questions that can be answered from this special hotline number include information on refunds, obtaining copies of taxpayer records, and also motor vehicle information.

Over the next few months Tax Commission field representatives will be in the damaged areas contacting businesses to find out what other types of assistance might also be needed from the OTC.

It is anticipated that the Disaster Management Team will be set up to assist taxpayers for as long as there is a need. Please know that we here at the Tax Commission are sorry for any loss that our fellow Oklahomans may have incurred. ■

## Taxpayer Question and Answer...

In reviewing my sales tax report I noticed that the instructions refer to "timely filing". What does this mean?

When a sale is made, the tax must be accrued during the month in which the sale was made and remitted to the Tax Commission on or before the fifteenth day of the month following the month in which the sale was made.

In order for a sales tax/use tax report to be considered as timely filed, sales and use tax law requires the report be delivered to the Tax Commission or postmarked on or before the fifteenth day of each month covering sales for the previous calendar month.

If the fifteenth day falls on a Saturday, Sunday, or a federal or state legal holiday, reports are accepted as timely filed if postmarked or delivered to the Commission on the next business day.

In a side note, when the sales tax report is timely filed, the vendor may deduct the applicable discount of 2.25% (not to exceed \$3,300.00) as an allowance to reimburse the vendor for the expenses incurred in keeping records, preparing and filing reports and remitting tax to the Commission. The discount does not apply to corporations with direct pay permits or to use tax reports. ■

## Coin Devices...

• continued from page 2

- Coin-operated bulk vending requiring a coin or token of value of \$.25 or more, \$5 or \$15 or multiple \$15 decals depending on the number of distribution mechanisms

Special event decals, such as for fairs or carnivals, are available in any number of 30-day periods, at a reduced rate. Also, decals purchased after January 1 and before June 30 of the current decal year are offered at half price.

The Tax Commission also issues permits for the sale or distribution of coin-operated devices. The annual fee for a distributor's license is \$200.

If you have any questions on coin device decals, please do not hesitate to contact our Taxpayer Assistance Division at (405) 521-3160. ■

## What's New on the OTC Website?

For those of you who are frequent users of our website, [www.oktax.state.ok.us](http://www.oktax.state.ok.us), you might have noticed our web page taking on a new look. A primary goal of the agency web team is to make the website a user-friendly place along with addressing the many needs of the taxpayer.

The agency web team has been busy going through taxpayer e-mails, letters, and talking with you on the phone and in one-on-one interviews, about what type of information is important to you. Through this research we have found that two of the most commonly requested items that you wanted are tax forms and agency rules made available.

In late April, business tax forms went up on-line. While not all agency forms are currently available on-line, the ones that are most commonly used have been put up. More forms will be added to the website as they are updated and revised. See page four of the Business Bulletin for a complete listing of Tax Commission forms that are available on the web.

The agency rules were also made available in April. The agency rules are an interpretation and explanation of Oklahoma statute as it applies towards taxes.

To view both the forms and rules you will need the Adobe Acrobat Reader. This too is available for downloading from our website.

Next time you're out on the Internet, why not check us out? ■

# Y2K: The Tax Commission Update

The approach of the millenium and the impact of Y2K (Year 2000) on information systems is a hot topic in conversation today. The Oklahoma Tax Commission (OTC), like many large organizations, is devoting extensive resources to prepare our systems for the next century, and ensure our ability to meet the needs of both taxpayers and also our employees.

You may wonder about the importance of Y2K to the computers that most of us utilize routinely in our daily lives. The early development of computers resulted in the utilization of a two-digit field to represent the date (i.e. 75 for 1975). The use of a shortened date resulted in extensive savings in the memory required for system programs and data base storage. Improvements in memory capacity and the reduction in cost have lessened the need to utilize a two-digit date field. If ignored existing programs that utilize two digit dates may make incorrect calculations if they assume the date is 00 instead of 2000. A good example of this is the calculation of penalty or interest on a taxpayer account.

During the last two years the Management Information Services (MIS) staff of the OTC has been working diligently to locate and correct the date fields in the thousands of programs utilized by our systems. The programs are being corrected and tested to ensure they correctly handle calculations based on dates. The Quality Assurance department of MIS is conducting final tests utilizing actual OTC data to verify the programs are functioning properly, and will accurately communicate data between multiple systems.

Personal Computer's (PC's) also utilize dates in their operating systems and run the risk of processing dates incorrectly. Over the next few months a team from MIS will be going through the agency to test PC's to determine if they too are Y2K compliant.

In addition to these solutions, agency personnel are also creating contingency plans to continue agency operations in the event of system failures or interruptions. Testing and final changes will continue throughout the remainder of the year to ensure OTC systems are ready for the next century. ■

## List of Available Business Forms on OTC Website

Packet A	Oklahoma Business Registration Packet
13-14	Oklahoma Sales Tax Report (single location sales)
13-23	Oklahoma Sales Tax Report (multiple location sales)
13-30	Oklahoma Sales Tax Report Supplement
OW-2	Oklahoma Income Tax Withholding Tables
OW-9	Oklahoma Employers Withholding Tax Return
21-1	Oklahoma Consumer Use Tax Report
21-1-A	Oklahoma Consumer Use Tax Report Supplement
21-3	Oklahoma Vendor Use Tax Report
21-3-A	Oklahoma Vendor Use Tax Report Supplement
15-60	Oklahoma Mixed Beverage Tax Report
BT-119	Oklahoma Waste Tire Report
BT-119-A	Oklahoma Waste Tire Report for Tag Agents
BT-126	Oklahoma Tourism Tax Report
BT-129	Oklahoma Power of Attorney Form

All agency income tax forms for both individual and business filers are also available on the Internet.

## Telefile Option Available to Zero Sales Tax Filers

Taxpayers reporting zero sales tax may file the reports by using the TeleFile System. To use TeleFile, in-state and out-of-state taxpayers may dial 1 (877) 829-2002 from a touch-tone telephone and follow the voice instructions.



When using the system be sure to have the completed reporting form available when making the call. You will be asked for the federal employer identification or social security number (whichever was used to issue the sales tax permit) and also the sales tax permit number.

Once the information has been successfully transmitted, a confirmation number will be given, which you should write down and keep in a safe place. This confirmation number is your proof of filing the report.

Taxpayers who report sales tax monthly or semi-annually are eligible to use TeleFile. ■

