STATE OF OKLAHOMA

2nd Session of the 46th Legislature (1998)

HOUSE BILL NO. 2922 By: Morgan

AS INTRODUCED

An Act relating to revenue and taxation; amending 68 O.S. 1991, Section 2355, as amended by Section 1, Chapter 311, O.S.L. 1992 (68 O.S. Supp. 1997, Section 2355), which relates to income tax; reducing the corporate income tax rate; and providing an effective date.

BE IT ENACTED BY THE PEOPLE OF THE STATE OF OKLAHOMA:

SECTION 1. AMENDATORY 68 O.S. 1991, Section 2355, as amended by Section 1, Chapter 311, O.S.L. 1992 (68 O.S. Supp. 1997, Section 2355), is amended to read as follows:

Section 2355. A. Individuals. For all taxable years beginning after December 31, 1989, a tax is hereby imposed upon the Oklahoma taxable income of every resident or nonresident individual, which tax shall be computed at the option of the taxpayer under one of the two following methods:

METHOD 1. Single individuals and married individuals filing separately not deducting federal income tax:

1/2% tax on first $1,000.00 or part thereof

1% tax on next $1,500.00 or part thereof

2% tax on next $1,250.00 or part thereof

3% tax on next $1,150.00 or part thereof

4% tax on next $1,300.00 or part thereof

5% tax on next $1,500.00 or part thereof

6% tax on next $2,300.00 or part thereof

7% tax on the remainder.

Married individuals filing jointly and surviving spouse to the extent and in the manner that a surviving spouse is permitted to file a joint return under the provisions of the Internal Revenue Code and heads of households as defined in the Internal Revenue Code not deducting federal income tax:

1/2% tax on first $2,000.00 or part thereof

1% tax on next $3,000.00 or part thereof

2% tax on next $2,500.00 or part thereof

3% tax on next $2,300.00 or part thereof

4% tax on next $2,400.00 or part thereof

5% tax on next $2,800.00 or part thereof

6% tax on next $6,000.00 or part thereof

7% tax on the remainder.

METHOD 2. Single individuals and married individuals filing separately deducting federal income tax:

1/2% tax on first $1,000.00 or part thereof

1% tax on next $1,500.00 or part thereof

2% tax on next $1,250.00 or part thereof

3% tax on next $1,150.00 or part thereof

4% tax on next $1,200.00 or part thereof

5% tax on next $1,400.00 or part thereof

6% tax on next $1,500.00 or part thereof

7% tax on next $1,500.00 or part thereof

8% tax on next $2,000.00 or part thereof

9% tax on next $3,500.00 or part thereof

10% tax on the remainder.

Married individuals filing jointly and surviving spouse to the extent and in the manner that a surviving spouse is permitted to file a joint return under the provisions of the Internal Revenue Code and heads of households as defined in the Internal Revenue Code deducting federal income tax:

1/2% tax on the first $2,000.00 or part thereof

1% tax on the next $3,000.00 or part thereof

2% tax on the next $2,500.00 or part thereof

3% tax on the next $1,400.00 or part thereof

4% tax on the next $1,500.00 or part thereof

5% tax on the next $1,600.00 or part thereof

6% tax on the next $1,250.00 or part thereof

7% tax on the next $1,750.00 or part thereof

8% tax on the next $3,000.00 or part thereof

9% tax on the next $6,000.00 or part thereof

10% tax on the remainder.

B. Nonresident aliens. In lieu of the rates set forth in subsection A above, there shall be imposed on nonresident aliens, as defined in the Internal Revenue Code, a tax of eight percent (8%) instead of thirty percent (30%) as used in the Internal Revenue Code, with respect to the Oklahoma taxable income of such nonresident aliens as determined under the provision of the Oklahoma Income Tax Act.

Every payer of amounts covered by this subsection B shall deduct and withhold from such amounts paid each payee an amount equal to eight percent (8%) thereof. Every payer required to deduct and withhold taxes under this subsection shall for each quarterly period on or before the last day of the month following the close of each such quarterly period, pay over the amount so withheld as taxes to the Tax Commission, and shall file a return with each such payment. Such return shall be in such form as the Tax Commission shall prescribe. Every payer required under this subsection to deduct and

withhold a tax from a payee shall, as to the total amounts paid to each payee during the calendar year, furnish to such payee, on or before January 31, of the succeeding year, a written statement showing the name of the payer, the name of the payee and his social security account number, if any, the total amount paid subject to taxation, and the total amount deducted and withheld as tax and such other information as the Tax Commission may require. Any payer who fails to withhold or pay to the Tax Commission any sums herein required to be withheld or paid shall be personally and individually liable therefor to the State of Oklahoma.

C. Corporations. For all taxable years beginning after December 31, ~~1989~~ 1998, a tax is hereby imposed upon the Oklahoma taxable income of every corporation doing business within this state or deriving income from sources within this state in an amount equal to ~~six~~ three and one-half percent ~~(6%)~~ (3 1/2%) thereof.

There shall be no additional Oklahoma income tax imposed on accumulated taxable income or on undistributed personal holding company income as those terms are defined in the Internal Revenue Code.

D. Certain foreign corporations. In lieu of the tax imposed in the first paragraph of subsection C, for all taxable years beginning after December 31, ~~1989~~ 1998, there shall be imposed on foreign corporations, as defined in the Internal Revenue Code, a tax of ~~six~~ three and one-half percent ~~(6%)~~ (3 1/2%) instead of thirty percent (30%) as used in the Internal Revenue Code, where such income is received from sources within Oklahoma, in accordance with the provisions of the Internal Revenue Code and the Oklahoma Income Tax Act.

Every payer of amounts covered by this subsection D shall deduct and withhold from such amounts paid each payee an amount equal to ~~six~~ three and one-half percent ~~(6%)~~ (3 1/2%) thereof. Every payer required to deduct and withhold taxes under this subsection shall

for each quarterly period on or before the last day of the month following the close of each such quarterly period, pay over the amount so withheld as taxes to the Tax Commission, and shall file a return with each such payment. Such return shall be in such form as the Tax Commission shall prescribe. Every payer required under this subsection to deduct and withhold a tax from a payee shall, as to the total amounts paid to each payee during the calendar year, furnish to such payee, on or before January 31, of the succeeding year, a written statement showing the name of the payer, the name of the payee and his social security account number, if any, the total amounts paid subject to taxation, the total amount deducted and withheld as tax and such other information as the Tax Commission may require. Any payer who fails to withhold or pay to the Tax Commission any sums herein required to be withheld or paid shall be personally and individually liable therefor to the State of Oklahoma.

E. Fiduciaries. A tax is hereby imposed upon the Oklahoma taxable income of every trust and estate at the same rates as are provided in subsection A of this section for single individuals. Fiduciaries are not allowed a deduction for any federal income tax paid.

F. Tax rate tables. For all taxable years beginning after December 31, 1991, in lieu of the tax imposed by subsection A of this section, there is hereby imposed for each taxable year on the taxable income of every individual, whose taxable income for such taxable year does not exceed the ceiling amount, a tax determined under tables, applicable to such taxable year which shall be prescribed by the Tax Commission and which shall be in such form as it determines appropriate. In the table so prescribed, the amounts of the tax shall be computed on the basis of the rates prescribed by subsection A of this section. For purposes of this subsection, the term ceiling amount means with respect to any taxpayer, the amount

determined by the Tax Commission for the tax rate category in which such taxpayer falls.

SECTION 2. This act shall become effective January 1, 1999.

46-2-8949 JAF