

BILL SUMMARY
2nd Session of the 58th Legislature

Bill No.:	SB 1843
Version:	ENGR
Request Number:	NA
Author:	Mr. Pro Temp
Date:	4/6/2022
Impact:	Tax Commission:
	No Impact

Research Analysis

SB 1843 provides that the payroll apportionment factor of the corporate income tax includes expenditures of employees who reside in Oklahoma and work for a business outside the state, in the proportion that time spent working from home bears to the total time spent working from home and other locations outside the state.

Prepared By: Emily McPherson

Fiscal Analysis

Analysis provided by the Tax Commission:

Engrossed SB 1843 proposes to amend 68 O.S. § 2358(A)(5)(b)(1), by amending the payroll factor for corporate income tax calculation purposes effective for tax year 2022.

Oklahoma uses an apportionment formula consisting of property, payroll, and sales factors to apportion income of a unitary business, equally weighted. The payroll factor is calculated by dividing a numerator² consisting of the total compensation³ for services rendered in the state during the tax period by a denominator consisting of the total compensation for services rendered everywhere during the tax period.

This measure proposes to add expenditures of employees who reside in this state and work for a business located outside this state to the numerator of the payroll factor. This measure appears to clarify the current numerator calculation for services rendered in this state.

² There are special numerator calculations for transportation enterprises and for expenditures in connection with itinerant employees.

³ Compensation is defined as those paid-for services to the extent related to the unitary business but does not include officers' salaries, wages and other compensation.

Prepared By: Mark Tygret

Other Considerations

None.

