
Oklahoma Tax Commission

MeF Electronic Return Filing Guide for Software Developers

Oklahoma Individual Income Tax

Tax Year 2014



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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 Return 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 has been 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 return (also referred to as a state standalone return) will not be accepted.

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 2014, 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 511 CR** Other credits to Oklahoma Income Tax
This form is used to report the other credits to Oklahoma income tax reported on Form 511, line 17 or Form 511NR line 22
- OTC Form 511-TX** Claim 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 16 or Form 511NR, line 21. 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 25 (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 26 (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 42 or Form 511NR, line 43.
- 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 27.
- 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.
- 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.

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 511-EF), is required for all electronic returns and is to be retained by the ERO for three (3) years.

Copies of forms W-2, W-2G, or 1099-R, which would normally be attached to a paper return, must be attached to form 511-EF 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
- COFT'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 for Processing Year 2015:

1. Returns from preparers, originators, or transmitters who have not been accepted into the Electronic Filing Program.
2. Amended or corrected returns.
3. Returns for any tax year prior to 2012. 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 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 the IRS, state agencies, transmitters and software developers. See Appendix E: for Business Rules

Transmitters and software developers should allow 1 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 transaction 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 the 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 of Form 511 would appear as follows:

Part One: To Arrive at Oklahoma Adjusted Gross Income		Round to Nearest Whole Dollar
1	Federal adjusted gross income (from Federal 1040, 1040A, or 1040EZ)	161582
2	Oklahoma Subtractions (enclose Schedule 511-A)	
3	Line 1 minus line 2	161582
4	Out-of-state income, except wages. Describe (4a) <small>(Enclose Federal schedule with detailed description; see instructions)</small> See Additional Schedule	1196
5	Line 3 minus line 4b	
6	Oklahoma Additions (enclose Schedule 511-B)	
7	Oklahoma adjusted gross income (line 5 plus line 6)	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 Oklahoma resident who has sufficient gross income to require the filing of a Federal income tax return is required to file an Oklahoma return, regardless of the source of the income. See Chart A & Chart B.

Determining Your Filing Requirement

If you do not meet the federal filing requirements as shown in either Chart A or Chart B on this page, you are not required to file an Oklahoma tax return. If you have withholding or made estimated tax payments you would like to have refunded, follow the instructions on page 5, "Not Required to File".

Chart A: Federal Filing Requirements for Most People

To use this chart, first find your filing status. Then read across to find your age at the end of 2014. You must file a return if your gross income was at least the amount shown in the last column.

If your Filing Status Is...	And your Age Is*...	And if your Gross Income Is...**
Single	Under 65	\$10,150
	65 or older	\$11,700
Married Filing Joint***	Both under 65	\$20,300
	One 65 or older	\$21,500
	Both 65 or older	\$22,700
Married Filing Separate	Any age	\$ 3,950
	Head of Household	Under 65
Head of Household	65 or older	\$14,600
	Qualifying Widow(er) with a Dependent Child	Under 65
	65 or older	\$17,550

*If you turned age 65 on January 1, 2015, you are considered to be 65 at the end of 2014.
 **Gross income means all the income you received in the form of money, goods, property, and services that is not exempt from federal tax, including any income from sources outside the United States or from the sale of your main home (even if you can exclude part or all of it).
 Do not include any social security benefits unless (a) you are married filing separate and you lived with your spouse at any time in 2014 or (b) one-half of your social security benefits plus your other gross income and any federally tax-exempt interest is more than \$25,000 (\$32,000 if married filing jointly). If (a) or (b) applies, see the instructions for Federal Form 1040 or 1040A to figure the taxable part of social security benefits you must include in gross income.
 ***If you did not live with your spouse at the end of 2014 (or on the date your spouse died) and your gross income was at least \$3,950, you must file a return regardless of your age.

Chart B: Federal 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 a federal return. In these charts, unearned income includes taxable interest, ordinary dividends and capital gain distributions. It also includes unemployment compensation, taxable social security benefits, pensions, annuities and distributions of unearned income from a trust. Earned income includes wages, tips and taxable scholarships and fellowships. Gross income is the total of your unearned and earned income.

SINGLE DEPENDENTS

Were you either age 65 or older or blind?

No. You must file a return if **any** of the following apply...

- Your unearned income was over \$1000.
- Your earned income was over \$6,200.
- Your gross income was more than the **larger** of:
 - \$1000, or
 - Your earned income (up to \$5,850) plus \$350.

Yes. You must file a return if **any** of the following apply...

- Your unearned income was over \$2,550 (\$4,100 if 65 or older **and** blind).
- Your earned income was over \$7,750 (\$9,300 if 65 or older **and** blind).
- Your gross income was more than the **larger** of:
 - \$2,550 (\$4,100 if 65 or older **and** blind), or
 - Your earned income (up to \$5,850) plus \$1,900 (\$3,450 if 65 or older **and** blind).

MARRIED DEPENDENTS

Were you either age 65 or older or blind?

No. You must file a return if **any** of the following apply...

- Your gross income was at least \$5 and your spouse files a separate return and itemizes deductions.
- Your unearned income was over \$1000.
- Your earned income was over \$6,200.
- Your gross income was more than the **larger** of:
 - \$1000, or
 - Your earned income (up to \$5,850) plus \$350.

Yes. You must file a return if **any** of the following apply...

- Your gross income was at least \$5 and your spouse files a separate return and itemizes deductions.
- Your unearned income was over \$2,200 (\$3,400 if 65 or older **and** blind).
- Your earned income was over \$7,400 (\$8,600 if 65 or older **and** blind).
- Your gross income was more than the **larger** of:
 - \$2,200 (\$3,400 if 65 or older **and** blind), or
 - Your earned income (up to \$5,850) plus \$1,550 (\$2,750 if 65 or older **and** blind).

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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. If itemized deductions were not claimed on the Federal return, the Oklahoma standard deduction must be claimed.

Standard Deduction

Filing Status:	Standard Deduction
Single or Married Filing Separate	\$6,200
Head of Household	\$9,100
Married Filing Joint or Qualifying Widow(er)	\$12,400

Itemized Deduction

The amount of the Federal itemized deductions claimed on the Federal return (Form 1040, Schedule A), is the amount used as Oklahoma itemized deductions.

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 Separately (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 -	15,000	Pay	255.00 +	5.0% over 12,200	7,200 -	8,700	Pay	171.50 +	5.0% over 7,200
15,000 -	over	Pay	395.00 +	5.25% over 15,000	8,700 -	over	Pay	246.50 +	5.25% over 8,700

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-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 1/1/2014 through 12/31/2014.....	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 20 ..(or on Form 511NR, Line 24).....	4	

USE TAX WORKSHEET TWO		For Taxpayers Who Do Not Have Records of All Out-of-State Purchases	
1	Purchases of items costing less than \$1,000: See the Use Tax Table on page 41 See table below to establish the use tax due based on your Federal Adjusted Gross Income from Form 511, line 1 (or on Form 511NR, Line 2).....	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 1/1/2014 through 12/31/2014	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 20 ..(or on Form 511NR, Line 24).....	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 the web at: www.tax.ok.gov.

USE TAX TABLE		
If Federal Adjusted Gross Income (Form 511, line 1) is:		Your Use Tax Amount is:
At least	But less than	
0	2,090	1
2,090	4,670	2
4,670	6,420	3
6,420	8,170	4
8,170	9,920	5
9,920	11,795	6
11,795	13,545	7
13,545	15,295	8
15,295	17,170	9
17,170	18,920	10
18,920	20,670	11
20,670	22,420	12
22,420	24,295	13
24,295	26,045	14
26,045	27,795	15
27,795	29,670	16
29,670	31,420	17
31,420	33,170	18
33,170	34,920	19
34,920	36,795	20
36,795	38,545	21
38,545	40,295	22
40,295	42,170	23
42,170	43,920	24

USE TAX TABLE		
If Federal Adjusted Gross Income (Form 511, line 1) is:		Your Use Tax Amount is:
At least	But less than	
43,920	45,670	25
45,670	47,420	26
47,420	49,295	27
49,295	51,045	28
51,045	52,795	29
52,795	54,670	30
54,670	and over	multiply Federal AGI times 0.00056

Appendix E: Oklahoma Business Rules
Rejection Codes for Oklahoma Individual Income Tax Returns

Error Code	Rule Text	Error Category	2012	2013	2014
General					
X0000-001	The XML return data has failed validation. The actual XML Error Message will be provided.	Schema Validation	Active	Active	Active
X0000-002	The XML manifest data has failed validation. The actual XML Error Message will be provided.	Schema Validation		Active	Active
R0000-001	An electronic return has already been filed for the primary SSN for this tax year.	Duplicate Condition	Active	Active	
R0000-002	The electronic payment date (RequestedPayment Date) is invalid. The payment date cannot be older than three weeks and it cannot be in the future more than six months.	Incorrect Data		Active	Active
R0000-003	An XML copy of the federal return is required for all electronically filed returns.	Missing Data		Active	Active
R0000-004	Only linked returns are accepted. A State submission can be linked to the IRS submission by including the Submission ID element of the federal return in the IRS SubmissionId in the State manifest.	Unsupported	Active	Active	Active
R0000-005	An XML Return was not found in the transmission.	Missing Data		Active	Active
R0000-006	A manifest file was not found in the transmission.	Missing Data		Active	Active
R0000-007	Direct Debit routing transmit number is invalid.	Incorrect Data	Active	Active	Active
R0000-008	The Primary SSN must not be equal to the Primary SSN in another return for this tax year.	Duplicate Condition			Active
R0000-009	The Spouse SSN must not be equal to the Spouse SSN in another return for this tax year.	Duplicate Condition			Active
R0000-010	The Spouse SSN must not be equal to the Primary SSN in another return for this tax year.	Duplicate Condition			Active
Form 511					
511-001	If Form 511, line 2 (TotalSubtractions) is not null or zero, the value must equal Schedule 511-A, line 14 (TotalSubtractions).	Data Mismatch		Active	Active
511-002	If Form 511, line 6 (TotalAdditions) is not null or zero, the value must equal Schedule 511-B, line 8 [line 9 for 2013] (TotalAdditions).	Data Mismatch		Active	Active
511-003	If Form 511, line 8 (TotalAdjustments) is not null or zero, the value must equal Schedule 511-C, line 7 [line 8 for 2013] (TotalAdjustments).	Data Mismatch		Active	Active

511-004	Schedule 511-A, line 5 (StateFederalCivilSvcRetirement) cannot exceed \$20,000 for filing status Married Filing Joint or \$10,000 for all other filing statuses.	Incorrect Data		Active	Active
511-005	Schedule 511-A, line 6 (OtherRetirement) cannot exceed \$20,000 for filing status Married Filing Joint or \$10,000 for all other filing statuses.	Incorrect Data		Active	Active
511-006	If Form 511, line 17 (TotalOtherCredits) is not null or zero, Form 511, line 17 (LineNumberOf511CR) must have a value.	Missing Data			Active
Form 511NR					
511NR-001	If Form 511NR, line 3 (TotalAdditions) is not null or zero, the value must equal Schedule 511NR-A, line 7 [line 8 for 2013] (TotalAdditions).	Data Mismatch		Active	Active
511NR-002	If Form 511NR, line 5 (TotalSubtractions) is not null or zero, the value must equal Schedule 511NR-B, line 15 (TotalSubtractions).	Data Mismatch		Active	Active
511NR-003	If Form 511NR, line 9 (TotalStateAdjustments) is not null or zero, the value must equal Schedule 511NR-C, line 7 [line 8 for 2013] (TotalAdjustments).	Data Mismatch		Active	Active
511NR-004	If Form 511NR, line 29 (EarnedIncomeCredit) is not null or zero, the value must equal Schedule 511NR-E, line 4 (StateEarnedIncomeCredit). This Rule will not apply if the Not Required to File box is checked (StateFilingExemption).	Data Mismatch		Active	Active
511NR-005	Schedule 511NR-B, line 5 (StateFederalCivilSvcRetirement) cannot exceed \$20,000 for filing status Married Filing Joint or \$10,000 for all other filing statuses.	Incorrect Data		Active	Active
511NR-006	Schedule 511NR-B, line 6 (OtherRetirement) cannot exceed \$20,000 for filing status Married Filing Joint or \$10,000 for all other filing statuses.	Incorrect Data		Active	Active
511NR-007	If Form 511NR, line 22 (TotalOtherCredits) is not null or zero, Form 511NR, line 22 (LineNumberOf511CR) must have a value.	Missing Data			Active