

1 STATE OF OKLAHOMA

2 1st Session of the 58th Legislature (2021)

3 HOUSE BILL 2416

By: Nichols

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5  
6 AS INTRODUCED

7 An Act relating to revenue and taxation; amending 68  
8 O.S. 2011, Section 2355, as last amended by Section  
9 2, Chapter 195, O.S.L. 2014 (68 O.S. Supp. 2020,  
10 Section 2355), which relates to income tax; providing  
11 for rates of income tax on specified amounts of  
12 taxable income based on filing status; providing for  
13 applicable income tax years; modifying references;  
14 and providing an effective date.

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

16 SECTION 1. AMENDATORY 68 O.S. 2011, Section 2355, as  
17 last amended by Section 2, Chapter 195, O.S.L. 2014 (68 O.S. Supp.  
18 2020, Section 2355), is amended to read as follows:

19 Section 2355. A. Individuals. For all taxable years beginning  
20 after December 31, 1998, and before January 1, 2006, a tax is hereby  
21 imposed upon the Oklahoma taxable income of every resident or  
22 nonresident individual, which tax shall be computed at the option of  
23 the taxpayer under one of the two following methods:

24 1. METHOD 1.

- 1 a. Single individuals and married individuals filing  
2 separately not deducting federal income tax:
- 3 (1) 1/2% tax on first \$1,000.00 or part thereof,  
4 (2) 1% tax on next \$1,500.00 or part thereof,  
5 (3) 2% tax on next \$1,250.00 or part thereof,  
6 (4) 3% tax on next \$1,150.00 or part thereof,  
7 (5) 4% tax on next \$1,300.00 or part thereof,  
8 (6) 5% tax on next \$1,500.00 or part thereof,  
9 (7) 6% tax on next \$2,300.00 or part thereof, and  
10 (8) (a) for taxable years beginning after December  
11 31, 1998, and before January 1, 2002, 6.75%  
12 tax on the remainder,  
13 (b) for taxable years beginning on or after  
14 January 1, 2002, and before January 1, 2004,  
15 7% tax on the remainder, and  
16 (c) for taxable years beginning on or after  
17 January 1, 2004, 6.65% tax on the remainder.
- 18 b. Married individuals filing jointly and surviving  
19 spouse to the extent and in the manner that a  
20 surviving spouse is permitted to file a joint return  
21 under the provisions of the Internal Revenue Code and  
22 heads of households as defined in the Internal Revenue  
23 Code not deducting federal income tax:  
24 (1) 1/2% tax on first \$2,000.00 or part thereof,

- 1 (2) 1% tax on next \$3,000.00 or part thereof,
- 2 (3) 2% tax on next \$2,500.00 or part thereof,
- 3 (4) 3% tax on next \$2,300.00 or part thereof,
- 4 (5) 4% tax on next \$2,400.00 or part thereof,
- 5 (6) 5% tax on next \$2,800.00 or part thereof,
- 6 (7) 6% tax on next \$6,000.00 or part thereof, and
- 7 (8) (a) for taxable years beginning after December
- 8 31, 1998, and before January 1, 2002, 6.75%
- 9 tax on the remainder,
- 10 (b) for taxable years beginning on or after
- 11 January 1, 2002, and before January 1, 2004,
- 12 7% tax on the remainder, and
- 13 (c) for taxable years beginning on or after
- 14 January 1, 2004, 6.65% tax on the remainder.

15 2. METHOD 2.

16 a. Single individuals and married individuals filing  
17 separately deducting federal income tax:

- 18 (1) 1/2% tax on first \$1,000.00 or part thereof,
- 19 (2) 1% tax on next \$1,500.00 or part thereof,
- 20 (3) 2% tax on next \$1,250.00 or part thereof,
- 21 (4) 3% tax on next \$1,150.00 or part thereof,
- 22 (5) 4% tax on next \$1,200.00 or part thereof,
- 23 (6) 5% tax on next \$1,400.00 or part thereof,
- 24 (7) 6% tax on next \$1,500.00 or part thereof,

- 1 (8) 7% tax on next \$1,500.00 or part thereof,
- 2 (9) 8% tax on next \$2,000.00 or part thereof,
- 3 (10) 9% tax on next \$3,500.00 or part thereof, and
- 4 (11) 10% tax on the remainder.

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

- 11 (1) 1/2% tax on the first \$2,000.00 or part thereof,
- 12 (2) 1% tax on the next \$3,000.00 or part thereof,
- 13 (3) 2% tax on the next \$2,500.00 or part thereof,
- 14 (4) 3% tax on the next \$1,400.00 or part thereof,
- 15 (5) 4% tax on the next \$1,500.00 or part thereof,
- 16 (6) 5% tax on the next \$1,600.00 or part thereof,
- 17 (7) 6% tax on the next \$1,250.00 or part thereof,
- 18 (8) 7% tax on the next \$1,750.00 or part thereof,
- 19 (9) 8% tax on the next \$3,000.00 or part thereof,
- 20 (10) 9% tax on the next \$6,000.00 or part thereof, and
- 21 (11) 10% tax on the remainder.

22 B. Individuals. For all taxable years beginning on or after  
23 January 1, 2008, and ending any tax year which begins after December  
24 31, 2015, for which the determination required pursuant to Sections

1 ~~4~~ 2355.1F and ~~5~~ 2355.1G of this ~~act~~ title is made by the State Board  
2 of Equalization, a tax is hereby imposed upon the Oklahoma taxable  
3 income of every resident or nonresident individual, which tax shall  
4 be computed as follows:

5 1. Single individuals and married individuals filing  
6 separately:

7 (a) 1/2% tax on first \$1,000.00 or part thereof,

8 (b) 1% tax on next \$1,500.00 or part thereof,

9 (c) 2% tax on next \$1,250.00 or part thereof,

10 (d) 3% tax on next \$1,150.00 or part thereof,

11 (e) 4% tax on next \$2,300.00 or part thereof,

12 (f) 5% tax on next \$1,500.00 or part thereof,

13 (g) 5.50% tax on the remainder for the 2008 tax year and

14 any subsequent tax year unless the rate prescribed by

15 subparagraph (h) of this paragraph is in effect, and

16 (h) 5.25% tax on the remainder for the 2009 and subsequent

17 tax years. The decrease in the top marginal

18 individual income tax rate otherwise authorized by

19 this subparagraph shall be contingent upon the

20 determination required to be made by the State Board

21 of Equalization pursuant to Section 2355.1A of this

22 title.

23 2. Married individuals filing jointly and surviving spouse to

24 the extent and in the manner that a surviving spouse is permitted to

1 file a joint return under the provisions of the Internal Revenue  
2 Code and heads of households as defined in the Internal Revenue  
3 Code:

- 4 (a) 1/2% tax on first \$2,000.00 or part thereof,
- 5 (b) 1% tax on next \$3,000.00 or part thereof,
- 6 (c) 2% tax on next \$2,500.00 or part thereof,
- 7 (d) 3% tax on next \$2,300.00 or part thereof,
- 8 (e) 4% tax on next \$2,400.00 or part thereof,
- 9 (f) 5% tax on next \$2,800.00 or part thereof,
- 10 (g) 5.50% tax on the remainder for the 2008 tax year and  
11 any subsequent tax year unless the rate prescribed by  
12 subparagraph (h) of this paragraph is in effect, and
- 13 (h) 5.25% tax on the remainder for the 2009 and subsequent  
14 tax years. The decrease in the top marginal  
15 individual income tax rate otherwise authorized by  
16 this subparagraph shall be contingent upon the  
17 determination required to be made by the State Board  
18 of Equalization pursuant to Section 2355.1A of this  
19 title.

20 C. Individuals. For all taxable years beginning on or after  
21 January 1, 2016, and ending not later than December 31, 2021, and  
22 for which the determination required pursuant to Sections 4 2355.1F  
23 and 5 2355.1G of this ~~act~~ title is made by the State Board of  
24 Equalization, a tax is hereby imposed upon the Oklahoma taxable

1 income of every resident or nonresident individual, which tax shall  
2 be computed as follows:

3 1. Single individuals and married individuals filing  
4 separately:

5 (a) 1/2% tax on first \$1,000.00 or part thereof,

6 (b) 1% tax on next \$1,500.00 or part thereof,

7 (c) 2% tax on next \$1,250.00 or part thereof,

8 (d) 3% tax on next \$1,150.00 or part thereof,

9 (e) 4% tax on next \$2,300.00 or part thereof,

10 (f) 5% tax on the remainder if the State Board of  
11 Equalization makes a determination pursuant to Section  
12 4 2355.1F of this ~~act~~ title or four and eighty-five  
13 hundredths (4.85%) tax on the remainder if the State  
14 Board of Equalization makes a determination pursuant  
15 to Section ~~5~~ 2355.1G of this ~~act~~ title.

16 2. Married individuals filing jointly and surviving spouse to  
17 the extent and in the manner that a surviving spouse is permitted to  
18 file a joint return under the provisions of the Internal Revenue  
19 Code and heads of households as defined in the Internal Revenue  
20 Code:

21 (a) 1/2% tax on first \$2,000.00 or part thereof,

22 (b) 1% tax on next \$3,000.00 or part thereof,

23 (c) 2% tax on next \$2,500.00 or part thereof,

24 (d) 3% tax on next \$2,300.00 or part thereof,

- 1 (e) 4% tax on next \$2,400.00 or part thereof,  
2 (f) 5% tax on the remainder if the State Board of  
3 Equalization makes a determination pursuant to Section  
4 2355.1F of this ~~act~~ title or four and eighty-five  
5 hundredths percent (4.85%) tax on the remainder if the  
6 State Board of Equalization makes a determination  
7 pursuant to Section ~~5~~ 2355.1G of this ~~act~~ title.

8 No deduction for federal income taxes paid shall be allowed to  
9 any taxpayer to arrive at taxable income.

10 D. Individuals. For all taxable years beginning on or after  
11 January 1, 2022, a tax is hereby imposed upon the Oklahoma taxable  
12 income of every resident or nonresident individual, which tax shall  
13 be computed as follows:

14 1. Single individuals and married individuals filing  
15 separately:

- 16 (a) 1/2% tax on first \$1,000.00 or part thereof,  
17 (b) 1% tax on next \$1,500.00 or part thereof,  
18 (c) 2% tax on next \$1,250.00 or part thereof,  
19 (d) 3% tax on next \$1,150.00 or part thereof,  
20 (e) 4% tax on next \$2,300.00 or part thereof,  
21 (f) 5% tax on next \$92,800.00 or part thereof  
22 (g) 5.75% tax on next \$100,000.00 or part thereof,  
23 (h) 6.75% tax on the remainder.  
24

1        2. Married individuals filing jointly and surviving spouse to  
2 the extent and in the manner that a surviving spouse is permitted to  
3 file a joint return under the provisions of the Internal Revenue  
4 Code and heads of households as defined in the Internal Revenue

5 Code:

6            (a) 1/2% tax on first \$2,000.00 or part thereof,

7            (b) 1% tax on next \$3,000.00 or part thereof,

8            (c) 2% tax on next \$2,500.00 or part thereof,

9            (d) 3% tax on next \$2,300.00 or part thereof,

10           (e) 4% tax on next \$2,400.00 or part thereof,

11           (f) 5% tax on next \$237,800.00 or part thereof,

12           (g) 5.75% tax on next \$250,000.00 or part thereof,

13           (h) 6.75% tax on the remainder.

14        No deduction for federal income taxes paid shall be allowed to  
15 any taxpayer to arrive at taxable income.

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

23        Every payer of amounts covered by this subsection shall deduct  
24 and withhold from such amounts paid each payee an amount equal to

1 eight percent (8%) thereof. Every payer required to deduct and  
2 withhold taxes under this subsection shall for each quarterly period  
3 on or before the last day of the month following the close of each  
4 such quarterly period, pay over the amount so withheld as taxes to  
5 the Tax Commission, and shall file a return with each such payment.  
6 Such return shall be in such form as the Tax Commission shall  
7 prescribe. Every payer required under this subsection to deduct and  
8 withhold a tax from a payee shall, as to the total amounts paid to  
9 each payee during the calendar year, furnish to such payee, on or  
10 before January 31, of the succeeding year, a written statement  
11 showing the name of the payer, the name of the payee and the payee's  
12 social security account number, if any, the total amount paid  
13 subject to taxation, and the total amount deducted and withheld as  
14 tax and such other information as the Tax Commission may require.  
15 Any payer who fails to withhold or pay to the Tax Commission any  
16 sums herein required to be withheld or paid shall be personally and  
17 individually liable therefor to the State of Oklahoma.

18 E. F. Corporations. For all taxable years beginning after  
19 December 31, 1989, a tax is hereby imposed upon the Oklahoma taxable  
20 income of every corporation doing business within this state or  
21 deriving income from sources within this state in an amount equal to  
22 six percent (6%) thereof.

23 There shall be no additional Oklahoma income tax imposed on  
24 accumulated taxable income or on undistributed personal holding

1 company income as those terms are defined in the Internal Revenue  
2 Code.

3 ~~F.~~ G. Certain foreign corporations. In lieu of the tax imposed  
4 in the first paragraph of subsection ~~D~~ E of this section, for all  
5 taxable years beginning after December 31, 1989, there shall be  
6 imposed on foreign corporations, as defined in the Internal Revenue  
7 Code, a tax of six percent (6%) instead of thirty percent (30%) as  
8 used in the Internal Revenue Code, where such income is received  
9 from sources within Oklahoma, in accordance with the provisions of  
10 the Internal Revenue Code and the Oklahoma Income Tax Act.

11 Every payer of amounts covered by this subsection shall deduct  
12 and withhold from such amounts paid each payee an amount equal to  
13 six percent (6%) thereof. Every payer required to deduct and  
14 withhold taxes under this subsection shall for each quarterly period  
15 on or before the last day of the month following the close of each  
16 such quarterly period, pay over the amount so withheld as taxes to  
17 the Tax Commission, and shall file a return with each such payment.  
18 Such return shall be in such form as the Tax Commission shall  
19 prescribe. Every payer required under this subsection to deduct and  
20 withhold a tax from a payee shall, as to the total amounts paid to  
21 each payee during the calendar year, furnish to such payee, on or  
22 before January 31, of the succeeding year, a written statement  
23 showing the name of the payer, the name of the payee and the payee's  
24 social security account number, if any, the total amounts paid

1 subject to taxation, the total amount deducted and withheld as tax  
2 and such other information as the Tax Commission may require. Any  
3 payer who fails to withhold or pay to the Tax Commission any sums  
4 herein required to be withheld or paid shall be personally and  
5 individually liable therefor to the State of Oklahoma.

6 G. H. Fiduciaries. A tax is hereby imposed upon the Oklahoma  
7 taxable income of every trust and estate at the same rates as are  
8 provided in subsection B ~~or~~, C or D of this section for single  
9 individuals. Fiduciaries are not allowed a deduction for any  
10 federal income tax paid.

11 H. I. Tax rate tables. For all taxable years beginning after  
12 December 31, ~~1991~~ 2021, in lieu of the tax imposed by subsection A,  
13 B ~~or~~, C or D of this section, as applicable there is hereby imposed  
14 for each taxable year on the taxable income of every individual,  
15 whose taxable income for such taxable year does not exceed the  
16 ceiling amount, a tax determined under tables, applicable to such  
17 taxable year which shall be prescribed by the Tax Commission and  
18 which shall be in such form as it determines appropriate. In the  
19 table so prescribed, the amounts of the tax shall be computed on the  
20 basis of the rates prescribed by subsection A, B ~~or~~, C or D of this  
21 section. For purposes of this subsection, the term "ceiling amount"  
22 means, with respect to any taxpayer, the amount determined by the  
23 Tax Commission for the tax rate category in which such taxpayer  
24 falls.

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SECTION 2. This act shall become effective January 1, 2022.

58-1-6367 MAH 12/22/20