

STATE OF OKLAHOMA

1st Session of the 60th Legislature (2025)

SENATE BILL 305

By: Deevers

AS INTRODUCED

An Act relating to tax; amending 68 O.S. 2021, Section 2355, as last amended by Section 1, Chapter 27, 1st Extraordinary Session, O.S.L. 2023 (68 O.S. Supp. 2024, Section 2355), which relates to income tax; modifying certain income tax rate for certain tax years; modifying certain withholding requirement for certain tax years; updating statutory references; updating statutory language; and providing an effective date.

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

SECTION 1. AMENDATORY 68 O.S. 2021, Section 2355, as last amended by Section 1, Chapter 27, 1st Extraordinary Session, O.S.L. 2023 (68 O.S. Supp. 2024, Section 2355), is amended to read as follows:

Section 2355. A. Individuals. For all taxable years beginning after December 31, 1998, and before January 1, 2006, 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:

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 of
22 1986, as amended, and heads of households as defined
23 in the Internal Revenue Code of 1986, as amended, not
24 deducting federal income tax:

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

16 2. METHOD 2.

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

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

- 1 (7) 6% tax on next \$1,500.00 or part thereof,
- 2 (8) 7% tax on next \$1,500.00 or part thereof,
- 3 (9) 8% tax on next \$2,000.00 or part thereof,
- 4 (10) 9% tax on next \$3,500.00 or part thereof, and
- 5 (11) 10% tax on the remainder.

6 b. Married individuals filing jointly and surviving
7 spouse to the extent and in the manner that a
8 surviving spouse is permitted to file a joint return
9 under the provisions of the Internal Revenue Code of
10 1986, as amended, and heads of households as defined
11 in the Internal Revenue Code of 1986, as amended,
12 deducting federal income tax:

- 13 (1) 1/2% tax on the first \$2,000.00 or part thereof,
- 14 (2) 1% tax on the next \$3,000.00 or part thereof,
- 15 (3) 2% tax on the next \$2,500.00 or part thereof,
- 16 (4) 3% tax on the next \$1,400.00 or part thereof,
- 17 (5) 4% tax on the next \$1,500.00 or part thereof,
- 18 (6) 5% tax on the next \$1,600.00 or part thereof,
- 19 (7) 6% tax on the next \$1,250.00 or part thereof,
- 20 (8) 7% tax on the next \$1,750.00 or part thereof,
- 21 (9) 8% tax on the next \$3,000.00 or part thereof,
- 22 (10) 9% tax on the next \$6,000.00 or part thereof, and
- 23 (11) 10% tax on the remainder.

1 B. Individuals. For all taxable years beginning on or after
2 January 1, 2008, and ending any tax year which begins after December
3 31, 2015, for which the determination required pursuant to Sections
4 4 2355.1F and 5 2355.1G of this ~~act~~ title is made by the State Board
5 of Equalization, a tax is hereby imposed upon the Oklahoma taxable
6 income of every resident or nonresident individual, which tax shall
7 be computed as follows:

8 1. Single individuals and married individuals filing
9 separately:

- 10 (a) 1/2% tax on first \$1,000.00 or part thereof,
11 (b) 1% tax on next \$1,500.00 or part thereof,
12 (c) 2% tax on next \$1,250.00 or part thereof,
13 (d) 3% tax on next \$1,150.00 or part thereof,
14 (e) 4% tax on next \$2,300.00 or part thereof,
15 (f) 5% tax on next \$1,500.00 or part thereof,
16 (g) 5.50% tax on the remainder for the 2008 tax year and
17 any subsequent tax year unless the rate prescribed by
18 subparagraph (h) of this paragraph is in effect, and
19 (h) 5.25% tax on the remainder for the 2009 and subsequent
20 tax years. The decrease in the top marginal
21 individual income tax rate otherwise authorized by
22 this subparagraph shall be contingent upon the
23 determination required to be made by the State Board
24

1 of Equalization pursuant to Section 2355.1A of this
2 title.

3 2. Married individuals filing jointly and surviving spouse to
4 the extent and in the manner that a surviving spouse is permitted to
5 file a joint return under the provisions of the Internal Revenue
6 Code of 1986, as amended, and heads of households as defined in the
7 Internal Revenue Code of 1986, as amended:

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

1 C. Individuals. For ~~all taxable years beginning on or after~~
2 ~~January 1, 2024~~ tax year 2024, a tax is hereby imposed upon the
3 Oklahoma taxable income of every resident or nonresident individual,
4 which tax shall be computed as follows:

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

- 7 (a) 0.25% tax on first \$1,000.00 or part thereof,
- 8 (b) 0.75% tax on next \$1,500.00 or part thereof,
- 9 (c) 1.75% tax on next \$1,250.00 or part thereof,
- 10 (d) 2.75% tax on next \$1,150.00 or part thereof,
- 11 (e) 3.75% tax on next \$2,300.00 or part thereof, and
- 12 (f) 4.75% tax on the remainder.

13 2. Married individuals filing jointly and surviving spouse to
14 the extent and in the manner that a surviving spouse is permitted to
15 file a joint return under the provisions of the Internal Revenue
16 Code of 1986, as amended, and heads of households as defined in the
17 Internal Revenue Code of 1986, as amended:

- 18 (a) 0.25% tax on first \$2,000.00 or part thereof,
- 19 (b) 0.75% tax on next \$3,000.00 or part thereof,
- 20 (c) 1.75% tax on next \$2,500.00 or part thereof,
- 21 (d) 2.75% tax on next \$2,300.00 or part thereof,
- 22 (e) 3.75% tax on next \$4,600.00 or part thereof, and
- 23 (f) 4.75% tax on the remainder.

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

3 D. For tax year 2025 and subsequent tax years, there shall be
4 no tax imposed upon the Oklahoma taxable income of any resident or
5 nonresident individual.

6 E. Nonresident aliens. In lieu of the rates set forth in
7 subsection A above, there shall be imposed on nonresident aliens, as
8 defined in the Internal Revenue Code of 1986, as amended, a tax of
9 eight percent (8%) instead of thirty percent (30%) as used in the
10 Internal Revenue Code of 1986, as amended, with respect to the
11 Oklahoma taxable income of such nonresident aliens as determined
12 under the provision of the Oklahoma Income Tax Act.

13 Every payer of amounts covered by this subsection shall deduct
14 and withhold from such amounts paid each payee an amount equal to
15 eight percent (8%) thereof. Every payer required to deduct and
16 withhold taxes under this subsection shall for each quarterly period
17 on or before the last day of the month following the close of each
18 such quarterly period, pay over the amount so withheld as taxes to
19 the Oklahoma Tax Commission, and shall file a return with each such
20 payment. Such return shall be in such form as the Tax Commission
21 shall prescribe. Every payer required under this subsection to
22 deduct and withhold a tax from a payee shall, as to the total
23 amounts paid to each payee during the calendar year, furnish to such
24 payee, on or before January 31~~7~~ of the succeeding year, a written

1 statement showing the name of the payer, the name of the payee and
2 the payee's Social Security account number, if any, the total amount
3 paid subject to taxation, and the total amount deducted and withheld
4 as tax and such other information as the Tax Commission may require.
5 Any payer who fails to withhold or pay to the Tax Commission any
6 sums herein required to be withheld or paid shall be personally and
7 individually liable therefor to the State of Oklahoma.

8 ~~F.~~ F. Corporations. For all taxable years beginning after
9 December 31, 2021, a tax is hereby imposed upon the Oklahoma taxable
10 income of every corporation doing business within this state or
11 deriving income from sources within this state in an amount equal to
12 four percent (4%) thereof.

13 There shall be no additional Oklahoma income tax imposed on
14 accumulated taxable income or on undistributed personal holding
15 company income as those terms are defined in the Internal Revenue
16 Code of 1986, as amended.

17 ~~F.~~ G. Certain foreign corporations. In lieu of the tax imposed
18 in the first paragraph of subsection ~~D~~ F of this section, for all
19 taxable years beginning after December 31, 2021, there shall be
20 imposed on foreign corporations, as defined in the Internal Revenue
21 Code of 1986, as amended, a tax of four percent (4%) instead of
22 thirty percent (30%) as used in the Internal Revenue Code of 1986,
23 as amended, where such income is received from sources within
24 ~~Oklahoma~~ this state, in accordance with the provisions of the

1 Internal Revenue Code of 1986, as amended, and the Oklahoma Income
2 Tax Act.

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

22 ~~G.~~ H. Fiduciaries. A tax is hereby imposed upon the Oklahoma
23 taxable income of every trust and estate at the same rates as are
24 provided in ~~subsection B or C~~ subsections B through D of this

1 section for single individuals. Fiduciaries are not allowed a
2 deduction for any federal income tax paid.

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

17 SECTION 2. This act shall become effective November 1, 2025.

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