Oklahoma Franchise Tax – Frequently Asked Questions

Who files and pays franchise tax?

All regular corporations and subchapter-S corporations are required to file Form 200, Annual Franchise Tax Return, and pay franchise tax. Not-for-profit corporations are not subject to franchise tax. Foreign not-for-profit corporations, however, are still required to pay the \$100.00 registered agent fee. LLCs are statutorily exempt from franchise tax.

How is franchise tax calculated?

The franchise tax is calculated at the rate of \$1.25 for each \$1,000.00 of capital employed in or apportioned to Oklahoma. Only those corporations with capital of \$201,000.00 or more are required to remit the franchise tax. The maximum amount of franchise tax that a corporation may pay is \$20,000.00. When a corporation's franchise tax liability is zero, the corporation must still file an annual franchise tax return. If a foreign corporation (one domiciled outside Oklahoma) has no franchise tax due, it is still liable for the \$100.00 registered agent fee.

A corporation filing its franchise tax return on July 1, 2014 shall use the corporation's 2013 income tax year balance sheet in preparing the return, regardless of whether the corporation is a calendar-year or a fiscal-year filer. A corporation that elects to use its income tax return due date for payment and filing of the corporation's franchise tax return shall use the corporation's 2013 income tax year balance sheet in preparing the return.

When is franchise tax due?

Oklahoma franchise tax is due and payable each year on July 1. For a corporation that has elected to change its filing period to match its fiscal year, the franchise tax is due on the 15th day of the third month following the close of the corporation's tax year. For purposes of filing 2013 franchise tax return, all corporations are considered fiscal-year filers, and the returns are due July 1, 2014 (or before September 1, 2014 without penalties).

When do franchise tax returns become delinquent?

The return is delinquent if the corporation files and pays after September 1 of that year. For corporations that have elected to file franchise tax returns and pay franchise tax on their corporate income tax due date, the return is delinquent if the corporation files and pays after the 15th day of the third month following the close of the corporate year.

What are the penalties for paying franchise tax late?

If a corporation has a franchise tax liability and does not remit the tax by September 1, the Oklahoma Tax Commission assesses a penalty of 10% of the tax due along with interest accruing at the rate of 1.25% per month. For a corporation that has elected to file on a fiscal year, penalty and interest will begin to accrue on the 15th day of the third month following the close of its fiscal year. For example, a corporation will be assessed penalty and interest starting on March 15 if it has a year-end of December 31.

How can a corporation elect to change its franchise tax filing period?

The corporation must make this election no later than July 1 either by filing Form 200-F, Request to Change Franchise Tax Filing Period, or through the state's online filing system (OKTAP). Once the corporation has filed the form, it does not have to file again unless it wishes to change the filing period.