

Income/Franchise:

Oklahoma: New Law Revises Election to Immediately and Fully Expense Qualified Property

S.B. 602, signed by gov. 5/25/23. New law provides that when an Oklahoma taxpayer elects to immediately and fully expense a qualified business expense on eligible “qualified property” or “qualified improvement property” (QIP) under state law [see H.B. 3418 (2022), and *State Tax Matters*, Issue 2022-22, for more details on this Oklahoma election], any depreciation claimed for state tax purposes cannot duplicate the same amount allowed on the taxpayer’s federal income tax return. As a result, for Oklahoma corporate income tax returns filed on or after January 1, 2023, federal taxable income must be increased by the amount of depreciation received pursuant to federal law for the qualified property or QIP for which the state election has been made to immediately and fully expense the property during the year the property was placed in service. To the extent a taxpayer files an Oklahoma return prior to October 1, 2023, that fails to adjust federal taxable income in accordance with this new law, such taxpayer must file an amended Oklahoma return reflecting the adjustment no later than June 30, 2024. The Oklahoma Tax Commission is prohibited from assessing underlying penalties or interest if a corrected, amended state return is filed by this date. Please contact us with any questions.

[URL: http://www.oklegislature.gov/BillInfo.aspx?Bill=SB602&session=2300](http://www.oklegislature.gov/BillInfo.aspx?Bill=SB602&session=2300)

[URL: http://www.oklegislature.gov/BillInfo.aspx?Bill=hb3418&Session=2200](http://www.oklegislature.gov/BillInfo.aspx?Bill=hb3418&Session=2200)

[URL: https://dhub.blob.core.windows.net/dhub/Newsletters/Tax/2022/STM/220603_2.html](https://dhub.blob.core.windows.net/dhub/Newsletters/Tax/2022/STM/220603_2.html)

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