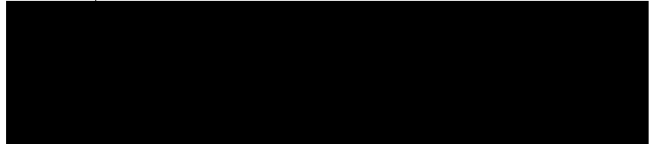


OKLAHOMA TAX COMMISSION

TAX POLICY DIVISION
RICK MILLER, DIRECTOR

PHONE (405) 521-3133
FACSIMILE (405) 522-0063

December 23, 2019



Re: Our file number LR-19-016 - Income Tax - [REDACTED]

Dear [REDACTED]

This is in response to your inquiry of October 31, 2019 wherein you requested guidance concerning the income tax credit available pursuant to the Oklahoma Equal Opportunity Education [REDACTED] (68 O.S. § 2357.206). What follows is verbatim the facts and question in your letter and our response thereto.

Facts:

I have been making contributions to a qualifying organization on an annual basis for a few years.

Question:

If I make a contribution from my IRA as a Qualified Charitable Distribution, will my contribution qualify for the tax credit?

OTC Response:

The [REDACTED] (68 O.S. § 2357.206) allows an income tax credit for any taxpayer who makes a contribution to either an eligible scholarship-granting organization or an eligible educational improvement grant organization, or both. The credit is generally 50%¹ of the amount contributed, not to exceed

¹ For Taxpayers who make an eligible contribution and make a written commitment to contribute the same amount for an additional year, the credit will be 75% of the amount of the contributions for each year. 68 O.S. §§ 2357.206(B)(2), (C)(2). The Tax Commission is also required to reduce the percentage of contributions to calculate the credit to ensure that no more than \$3.5 million in credits are authorized annually for contributions to eligible

\$1,000 for an individual (\$2,000 for a married filing joint return) or \$100,000 for a legal business entity. Tax credits which are allocated to an individual(s) by a pass-through entity are limited based on the total credit limitation of the pass-through entity and not by the \$1,000 (or \$2,000) limitation for individuals.

The [REDACTED] does not define contribution, the credit is generated for *any taxpayer who makes a contribution to an eligible scholarship-granting organization or any taxpayer who makes a contribution to an eligible educational improvement grant organization.*

Under the Internal Revenue Code, a Qualified Charitable Distribution generally is a nontaxable distribution made directly by the trustee of your IRA (other than a SEP or SIMPLE IRA) to an organization eligible to receive tax-deductible contributions. You must be at least age 70½ when the distribution was made. Also, you must have the same type of acknowledgment of your contribution that you would need to claim a deduction for a charitable contribution².

Based on the aforementioned, a contribution from an IRA that is a Qualified Charitable Distribution, will qualify for the tax credit under the [REDACTED] (68 O.S. § 2357.206). A copy of the statute is enclosed for your review.

This response applies only to the circumstances set out in your request of October 31, 2019. Pursuant to OKLA. ADMIN. CODE § 710:1-3-73(e), this Letter Ruling may be generally relied upon only by the entity to whom it is issued, assuming that all pertinent facts have been accurately and completely stated, and that there has been no change in applicable law.

Please be advised that the issuance of this ruling does not preclude the Oklahoma Tax Commission from conducting an audit or examination under 68 O.S. § 206 of any report or return claiming a credit for the transactions outlined in this letter ruling. The Commission reserves the right to issue any assessment, correction, or adjustment authorized under 68 O.S. § 221.

If I can be of further assistance, please feel free to call me at (405) 521-3133.

FOR THE OKLAHOMA TAX COMMISSION



Michael C. Kaufmann
Tax Policy Analyst

scholarship-granting organizations and \$1.5 million in credits are authorized annually for contributions to eligible educational improvement grant organizations. See 68 O.S. §§ 2357.206(D), (H).

² Internal Revenue Service Publication 590-B (2018), *Distributions from Individual Retirement Arrangements (IRAs)* [For use in preparing 2018 Returns].