

1 **HOUSE OF REPRESENTATIVES - FLOOR VERSION**

2 STATE OF OKLAHOMA

3 2nd Session of the 55th Legislature (2016)

4 COMMITTEE SUBSTITUTE
5 FOR
6 HOUSE BILL NO. 2552

By: Brown of the House

and

Garrison of the Senate

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10 COMMITTEE SUBSTITUTE

11 An Act relating to revenue and taxation; authorizing
12 Oklahoma Tax Commission to make adjustments to income
13 tax returns of certain corporations or business
14 entities taxed as corporations; providing for
15 conditions pursuant to which adjustments allowed;
16 providing for codification; and providing an
17 effective date.

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

19 SECTION 1. NEW LAW A new section of law to be codified
20 in the Oklahoma Statutes as Section 2366.1 of Title 68, unless there
21 is created a duplication in numbering, reads as follows:

22 The Oklahoma Tax Commission shall be authorized to add back to
23 the taxable income of any corporation or other entity taxed as a
24 corporation the amount of an expense deduction claimed on the
 applicable federal income tax return of the corporate or other

1 entity if the Tax Commission determines that the expense deduction
2 was based upon a lease or license agreement between the corporation
3 and one or more of its subsidiary entities and either that the
4 expense was unreasonable compared to similar transactions between
5 business entities entering into contract and such business entities
6 do not have any equity relationship with respect to each other,
7 whether as parent and subsidiary or among subsidiaries having a
8 common parent business entity or in circumstances under which it may
9 be reasonably determined that the primary purpose of the expense
10 deduction was the avoidance of either federal or state income
11 taxation.

12 SECTION 2. This act shall become effective January 1, 2017.

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14 COMMITTEE REPORT BY: COMMITTEE ON APPROPRIATIONS AND BUDGET, dated
15 02/25/2016 - DO PASS, As Amended and Coauthored.

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