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Tax Alert! Oklahoma Tax Legislation is Worth Considering for Oklahoma Pass-through Entities by June 28 Deadline

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Hall Estill Oklahoma Tax Alert

https://conta.cc/2RacuVY

Recently enacted Oklahoma tax legislation is worth considering for Oklahoma pass-through entities and has a June 28 election deadline to be effective for the current tax year. Normally, tax for pass-through entities is paid at the owner rather than the entity level. However, the Pass-Through Entity Tax Equity Act of 2019, HB 2665, allows an electing pass-through entity (LLC, partnership or S-corporation) to pay the Oklahoma income tax at the entity level and provides pass-through entity owners an offsetting deduction. This election may be helpful for pass-through owners who are individual taxpayers who are otherwise limited in the amount of state income taxes that the individual can deduct for federal income tax purposes.

After 2019, the election must be filed within two months and 15 days after the start of the tax year or at any time in the preceding tax year, and a revocation of any election in effect must be filed within the same time period.

Consultation with legal or accounting professionals is needed by those entities considering making the election, because the election may not be beneficial to all owners. Time is short if you are interested in this election. To be effective for the 2019 tax year, the election must be filed by June 28. Further, Notice 2019-12 or other similar Treasury pronouncements could impact whether the election is ultimately respected.

If we can assist to file the election and for the related considerations, or if you have any questions, please contact your Hall Estill Attorney