



Oklahoma Tax Commission Proposed 2023 Administrative Rules Changes

**By: Sheppard F. Miers, Jr.
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The Oklahoma Tax Commission has published proposed changes to the administrative rules applicable to Oklahoma taxes ("OTC Proposed Rules") for 2023.

The OTC Proposed Rules are formal statements of policy written by the Tax Commission as a state agency which have the effect of law if adopted and promulgated in accordance with the Oklahoma Administrative Procedures Act. The OTC Proposed Rules are published for consideration and approval pursuant to the Administrative Procedures Act during the 2023 session of the Legislature. Persons wishing to present their views in writing may do so during a designated comment period and may appear at a scheduled hearing before the Tax Commission on the proposed changes. The published OTC Rules state persons wishing to present their views in writing may do so by February 7, 2023, and a hearing is scheduled for February 8, 2023, at the Tax Commission. The full text of the changes and additions stated in the OTC Proposed Rules, and further information on submitting comments and hearing on the rules, are published online by the Oklahoma Tax Commission at its website at <http://www.tax.ok.gov>.

The following is a summary of some of the changes stated in the OTC Proposed Rules for 2023.

Income Tax

Title 710, Chapter 50., Okla. Admin. Code

The proposed rules for Oklahoma income tax include changes and additions with respect to elimination of the existing \$20,000 annual income tax deduction for nonrecurring adoption expenses and adding a new, refundable income tax credit for nonrecurring adoption expenses; rules to implement a change in the income tax law which authorized the decoupling of bonus depreciation so taxpayers may elect to not follow the federal bonus depreciation phase-out schedule; and a change in rules that implements the amended credit for qualified clean-burning motor vehicle fuel property.

Sales and Use Tax

Title 710, Chapter 65., Okla. Admin. Code

The proposed rules for Oklahoma sales and use tax include changes and additions with respect to a change in law which levies a tax at the rate of \$0.03 per kilowatt hour or its equivalent on the electric current used to charge or recharge the battery or batteries of an electric vehicle, beginning January 1, 2024, with the vehicle charging tax collected and remitted to the Tax Commission to be in lieu of state and local sales tax; changes to clarify the taxability treatment of medical appliances, medical devices and other medical equipment furnished to Medicare/Medicaid program recipients, and the taxability

treatment of drugs and prosthetic equipment; changes for expanding the sales tax exemption for surviving spouses of 100% disabled veterans to include sales to the surviving spouse of a veteran; changes for a sales tax exemption for sales of tangible personal property or services to a qualified nonprofit entity, the principal functions of which are to provide assistance to a natural person following a disaster, with program emphasis on repair or restoration to single family residential dwellings or the construction of a replacement single-family residential dwelling; rules for exempting from the sales tax sales to or by a women's veteran's organization, and its subchapters in Oklahoma, that is exempt from federal income taxation and is known as the Oklahoma Women Veterans Organization; a change providing a sales tax exemption for sales of tangible personal property or services to an organization that provides support to veterans, active duty members of the Armed Forces, reservists and members of the National Guard to assist with the transition to civilian life; and rule changes relating to direct pay permits, which allow hospitals, similar institutions and medical practitioners to purchase certain medical appliances, medical devices and other medical equipment without the payment of sales or use tax to the vendor, and refunds of sales tax in that context.

Ad Valorem (Property) Tax
Title 710, Chapter 10, Okla. Admin. Code

The proposed rules for Oklahoma ad valorem tax include changes and additions with respect to extended jurisdiction of the Court of Tax Review to complaints challenging an order of the county board of equalization sustaining a valuation of real or personal property with a fair cash value determined by the county assessor in excess of \$3 million; a new requirement that at the time of filing a protest which relates to proposed increases of existing property values, the taxpayer must also file the form provided for listing of real or tangible personal property; and a change providing that at the time of filing a protest of valuation by a taxpayer the county assessor shall provide the taxpayer a standard schedule prepared by the OTC which includes all procedural deadlines and the consequences of failing to meet each deadline.

Gross Production Tax
Title 710, Chapter 45, Okla. Admin. Code

The proposed rules for Oklahoma gross production tax include changes and additions with respect to economically at-risk leases, and secondary and tertiary recovery projects.

If you have questions about the proposed Oklahoma Tax Commission rules, or other federal or state or local tax law matters, please contact any member of the [GableGotwals tax law team](#) or the author of this alert named below.

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