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Oklahoma Business Activity Tax repealed

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In brief

On November 6, 2012, Oklahoma voters [approved Question 766](#), which resulted in the repeal of Oklahoma's Business Activity Tax (BAT) and the reinstatement of Oklahoma's franchise tax for tax years beginning on or after January 1, 2013.

In detail

As originally enacted in June 2010, the BAT applied only to tax years 2010 through 2012 (for a summary of the BAT, please review our publication, [available here](#)). The impetus for the BAT measure was a 2009 Oklahoma Supreme Court decision holding that certain types of intangible property could be subject to property taxes. To avoid county assessors from taxing intangible property owned by homeowners and small businesses, Oklahoma lawmakers adopted a moratorium on Oklahoma's franchise tax and imposed a new gross receipts tax - the BAT - in lieu of an ad valorem tax on intangible personal property. A taxpayer's total BAT liability for the 2010 to 2012 tax years were equal to the taxpayer's 2009 franchise tax liability, plus \$25.

On May 30, 2012, Oklahoma Governor Mary Fallin signed [SB 1436](#), which provided the following: (1) for the 2013 tax year, the BAT would continue to be imposed and measured by a taxpayer's 2009 franchise tax liability; and (2) for the 2014 tax year and future years, the BAT would be imposed and measured by its net revenue component. However, such BAT extensions in SB 1436 were conditioned upon voter approval of Senate Joint Resolution 52, which appeared on the ballot in conjunction with the November 6, 2012, general election (assigned Oklahoma General Election

State Question 766). If approved, the originally enacted BAT sunset date was to remain unchanged, thus causing the BAT to expire for tax years beginning after December 31, 2012.

BAT Repealed - Oklahoma State Question 766

On November 6, 2012, Oklahoma voters approved Question 766. In accordance with SB 1436, the BAT will therefore sunset as scheduled, absent any further legislative action. With the sunset of the Oklahoma BAT, the Oklahoma franchise tax is reinstated for tax years beginning on or after January 1, 2013.

Let's talk

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