

State of Oklahoma  
**Oklahoma Capital Gain Deduction  
for Corporations Filing Form 512**  
(Qualifying Assets Held for the Applicable Holding Period)



FORM **561-C** 2025

Name as Shown on Return	Federal Employer Identification Number
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1. List qualifying Oklahoma capital gains and losses, not included on lines 2 through 4 below.

A1. Description of Property:	B. Date Acquired (mm/dd/yy)	C. Date Sold or Disposed (mm/dd/yy)	D. Proceeds (Sales Price)	E. Cost or Other Basis Minus Adjustments to Gain or Loss	F. Gain or (Loss) Allocated / Apportioned to Oklahoma
A2. Oklahoma Location/Address or Federal ID Number:					
A3. Type of property sold: (see instructions) <input type="text"/>					<input type="text"/>

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2. Qualifying Oklahoma net capital gain from sale of business property reported on Federal Schedule D, line 11. <b>(Provide Federal Form 4797.)</b>	Type of property sold (See instructions) <input type="text"/> .....	2
3. Qualifying Oklahoma capital gain from installment sales reported on Federal Schedule D, line 12. <b>(Provide Federal Form 6252.)</b>	Type of property sold (See instructions) <input type="text"/> .....	3
4. Qualifying Oklahoma net capital gain or (loss) from like-kind exchanges reported on Federal Schedule D, line 13. <b>(Provide Federal Form 8824.)</b>	Type of property sold (See instructions) <input type="text"/> .....	4
5. Add amounts in Column F on line 1 and lines 2 through 4.....		5
6. Qualifying Oklahoma capital loss carryover reported on Federal Schedule D, line 6 (See instructions) .....		6
7. Qualifying Oklahoma net capital gain. Subtract line 6 from line 5. (If zero or less, enter "0".).....		7
8. Net capital gain apportioned and/or allocated to Oklahoma .....		8
9. <b>Oklahoma Capital Gain Deduction.</b> Enter the smaller of lines 7 or 8 here and on Form 512, Part 1, Column B, line 26 or on Part 2, line 7d. (Do not enter less than zero.).....		9

# Oklahoma Capital Gain Deduction for Corporations Filing Form 512

68 Oklahoma Statutes (OS) Section 2358 and Rule 710:50-15-48

## General Information

Corporate taxpayers can deduct qualifying gains receiving capital gain treatment that are included in federal taxable income. "Qualifying gains receiving capital treatment" means the amount of net capital gains, as defined under Internal Revenue Code Section 1222(11). The qualifying gain must be earned:

1. By the corporation on real or tangible personal property located within Oklahoma that has been owned for at least five uninterrupted years prior to the date of the transaction that gave rise to the capital gain;
2. On the sale of stock or an ownership interest in an Oklahoma company, limited liability company, or partnership where such stock or ownership interest has been owned for at least three uninterrupted years prior to the date of the transaction that gave rise to the capital gain; or
3. On the sale of real property, tangible personal property, or intangible personal property located within Oklahoma as part of the sale of all or substantially all of the assets of an Oklahoma company, limited liability company, or partnership where such property has been directly or indirectly owned by such entity or owned by the owners of such entity, and used in or derived from such entity for a period of at least three uninterrupted years prior to the date of the transaction that gave rise to the capital gain.

An Oklahoma company, limited liability company, or partnership is an entity whose primary headquarters has been located in Oklahoma for at least three uninterrupted years prior to the date of sale.

A capital loss carryover from qualified property reduces the current year gains from eligible property.

### **Pass-Through Entities**

Capital gain from qualifying property, as described above, held by a pass-through entity (PTE) is eligible for the Oklahoma capital gain deduction, provided the corporation has been a member of the PTE for an uninterrupted period of the applicable three or five years and the PTE has held the asset for not less than the applicable three or five uninterrupted years prior to the date of the transaction that created the capital gain. The type of asset sold, as shown in 1-3 above, determines whether the applicable number of uninterrupted years is three or five. The PTE must provide supplemental information to the corporation identifying the pass-through of qualifying capital gains.

**NOTE:** If you are a member, either directly or indirectly, of an electing PTE, the capital gain/loss from the PTE which is covered by the election pursuant to the provisions of the Pass-Through Entity Tax Equity Act of 2019 is not entered on this form to compute your Oklahoma Capital Gain Deduction. The gain/loss will be entered on the PTE's Oklahoma Capital Gain Deduction form, Form 561-PTE.

### **Installment Sales**

Qualifying gains included in a corporate taxpayer's federal taxable income for the current year which are derived from installment sales are eligible for exclusion provided the appropriate holding periods are met.

## Specific Instructions

### **Lines 1-4: Type of Property Sold**

Enter the number in the box that corresponds to the type of property sold:

1. The sale of stock in a qualified Oklahoma corporation.
2. The sale of an ownership interest in a qualified Oklahoma company, limited liability company, or partnership.
3. The sale of qualified real property located within Oklahoma.
4. The sale of qualified tangible personal property located within Oklahoma.
5. The sale of qualified intangible personal property located within Oklahoma as part of the sale of all or substantially all of the assets of an Oklahoma company, limited liability company, or partnership.
99. For lines 2-4, enter a "99" if the net gain/loss is from the sale of more than one type of property.

**Lines 1-7** are used to determine the qualifying Oklahoma net capital gain. The qualifying Oklahoma net capital gain is the long-term gains from qualifying Oklahoma property minus long-term losses from qualifying Oklahoma property which were allocated or apportioned to Oklahoma. **Line 8** is the net capital gain. Net capital gain is the excess of the net long-term capital gain over the net short-term capital loss allocated or apportioned to Oklahoma. The Oklahoma Capital Gain Deduction cannot exceed this amount.

**NOTE:** If less than 100% of a capital gain or loss has been apportioned to Oklahoma, include only such portion in Column F. For example: On Form 512, Part 2, a corporation apportions 43% of the capital gain/loss to Oklahoma (based on the apportionment formula), it would then include 43% of the gain/loss. However, if 100% of the gain/loss was allocated to Oklahoma, then include 100% of such gain/loss.

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68 OS Sec. 2358 and Rule 710:50-15-48

### Specific Instructions - continued

**Line 1:** List qualifying Oklahoma capital gains and losses from the Federal Form(s) 8949, Part II or from Federal Schedule D, line 8a. **Provide** a copy of Form(s) 1099-B if the qualifying Oklahoma capital gain or loss is reported on Federal Schedule D, line 8a. In Column A, line A1, enter the description of the property as shown on Federal Form 8949, Column A or on Form 1099-B. On line A2, enter either the Oklahoma location/address of the real or tangible personal property sold or the Federal Identification Number of the company, limited liability company, or partnership whose stock or ownership interest was sold. Complete Columns B through E using the information from Federal Form 8949, Columns B through G or from Form 1099-B. In Column F, enter the qualifying Oklahoma capital gain or loss allocated or apportioned to Oklahoma. Do not include gains and losses reported on Form 561-C lines 2 through 4.

**Line 2:** Enter the qualifying Oklahoma net capital gain allocated or apportioned to Oklahoma that was reported on Federal Schedule D, from the Federal Form 4797. **Provide** a copy of the Federal Form 4797.

**Line 3:** If Federal Form 6252 was used to report the installment method for gain on the sale of eligible property on the federal return, compute the capital gain deduction using the current year's taxable portion of the installment payment that was allocated or apportioned to Oklahoma. **Provide** Federal Form 6252. Capital gain from an installment sale is eligible for the Oklahoma capital gain deduction provided the property was held for the appropriate holding period as of the date sold.

**Line 4:** Enter the qualifying Oklahoma net capital gain or loss allocated or apportioned to Oklahoma that was reported on Federal Schedule D, line 13. **Provide** a copy of the Federal Form 8824.

**Line 6:** Enter the total qualifying Oklahoma capital loss, carried over/back from another year's return, allocated or apportioned to Oklahoma that was reported on Federal Schedule D, line 6.

**Line 8:** The Oklahoma capital gain deduction may not exceed the portion of the net capital gain allocated or apportioned to Oklahoma. The term "net capital gain" means the excess of the net long-term capital gain for the taxable year over the net short-term capital loss for such year. If there is a net capital loss, enter "0".