

By: Howard of Fort Bend

H.B. No. 4266

A BILL TO BE ENTITLED

AN ACT

relating to the computation of taxable margin for purposes of the franchise tax by tier partnerships.

BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF TEXAS:

SECTION 1. Section 171.1015(b), Tax Code, is amended to read as follows:

(b) In addition to the tax it is required to pay under this chapter on its own taxable margin, a taxable entity that is an upper tier entity may include, for purposes of calculating its own taxable margin, the total revenue and the related deductions for cost of goods sold or compensation and benefits of a lower tier entity if the lower tier entity submits a report to the comptroller showing the amount of total revenue and the related deductions for cost of goods sold or compensation and benefits that each upper tier entity that owns it should include within the upper tier entity's own taxable margin calculation, according to the ownership interest of the upper tier entity.

SECTION 2. This Act applies only to a report originally due on or after the effective date of this Act.

SECTION 3. This Act takes effect January 1, 2010.