

By: Oliveira

H.B. No. 4766

A BILL TO BE ENTITLED

AN ACT

relating to the computation of the franchise tax.

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

ARTICLE 1. TEMPORARY EXEMPTION INCREASE AND DISCOUNT MODIFICATIONS
FOR SMALL BUSINESSES

SECTION 1.01. Section 171.002(d), Tax Code, is amended to read as follows:

(d) A taxable entity is not required to pay any tax and is not considered to owe any tax for a period if:

(1) the amount of tax computed for the taxable entity is less than \$1,000; or

(2) the amount of the taxable entity's total revenue from its entire business is less than or equal to \$750,000 [~~\$300,000~~] or the amount determined under Section 171.006 per 12-month period on which margin is based.

SECTION 1.02. Section 171.0021(a), Tax Code, is amended to read as follows:

(a) A taxable entity is entitled to a discount of the tax imposed under this chapter that the taxable entity is required to pay after determining its taxable margin under Section 171.101, applying the appropriate rate of the tax under Section 171.002(a) or (b), and subtracting any other allowable credits, as follows:

(1) for a taxable entity for which the total revenue from its entire business is greater than \$750,000 [~~\$300,000~~] but

1 less than \$900,000 [~~\$400,000~~], the taxable entity is entitled to a
2 discount of 50 [~~80~~] percent; and

3 (2) for a taxable entity for which the total revenue
4 from its entire business is equal to or greater than \$900,000
5 [~~\$400,000~~] but not more than \$1 million [~~less than \$500,000~~], the
6 taxable entity is entitled to a discount of 33 [~~60~~] percent[+]

7 [~~(3) for a taxable entity for which the total revenue~~
8 ~~from its entire business is equal to or greater than \$500,000 but~~
9 ~~less than \$700,000, the taxable entity is entitled to a discount of~~
10 ~~40 percent; and~~

11 [~~(4) for a taxable entity for which the total revenue~~
12 ~~from its entire business is equal to or greater than \$700,000 but~~
13 ~~less than \$900,000, the taxable entity is entitled to a discount of~~
14 ~~20 percent~~].

15 SECTION 1.03. The changes in law made by this article apply
16 only to a report originally due on or after the effective date of
17 this Act.

18 ARTICLE 2. SUNSET OF TEMPORARY INCREASE AND OTHER MODIFICATIONS

19 SECTION 2.01. Effective January 1, 2012, Section
20 171.002(d), Tax Code, is amended to read as follows:

21 (d) A taxable entity is not required to pay any tax and is
22 not considered to owe any tax for a period if:

23 (1) the amount of tax computed for the taxable entity
24 is less than \$1,000; or

25 (2) the amount of the taxable entity's total revenue
26 from its entire business is less than or equal to \$300,000 or the
27 amount determined under Section 171.006 per 12-month period on

1 which margin is based.

2 SECTION 2.02. Effective January 1, 2012, Section
3 171.0021(a), Tax Code, is amended to read as follows:

4 (a) A taxable entity is entitled to a discount of the tax
5 imposed under this chapter that the taxable entity is required to
6 pay after determining its taxable margin under Section 171.101,
7 applying the appropriate rate of the tax under Section 171.002(a)
8 or (b), and subtracting any other allowable credits, as follows:

9 (1) for a taxable entity for which the total revenue
10 from its entire business is greater than \$300,000 but less than
11 \$400,000, the taxable entity is entitled to a discount of 80
12 percent;

13 (2) for a taxable entity for which the total revenue
14 from its entire business is equal to or greater than \$400,000 but
15 less than \$500,000, the taxable entity is entitled to a discount of
16 60 percent;

17 (3) for a taxable entity for which the total revenue
18 from its entire business is equal to or greater than \$500,000 but
19 less than \$700,000, the taxable entity is entitled to a discount of
20 40 percent; and

21 (4) for a taxable entity for which the total revenue
22 from its entire business is equal to or greater than \$700,000 but
23 less than \$900,000, the taxable entity is entitled to a discount of
24 20 percent.

25 SECTION 2.03. The changes in law made by this article apply
26 only to a report originally due on or after January 1, 2012.

1 ARTICLE 3. EFFECTIVE DATE

2 SECTION 3.01. Except as otherwise provided by this Act,
3 this Act takes effect January 1, 2010.