

By: Watson

S.B. No. 740

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:

SECTION 1. 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 \$1 million [~~\$300,000~~] or the amount determined under Section 171.006 per 12-month period on which margin is based.

SECTION 2. 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 \$1 million [~~\$300,000~~] but less than \$1.1 million [~~\$400,000~~], the taxable entity is entitled to a discount of 80 percent;

1           (2) for a taxable entity for which the total revenue  
2 from its entire business is equal to or greater than \$1.1 million  
3 [~~\$400,000~~] but less than \$1.2 million [~~\$500,000~~], the taxable  
4 entity is entitled to a discount of 60 percent;

5           (3) for a taxable entity for which the total revenue  
6 from its entire business is equal to or greater than \$1.2 million  
7 [~~\$500,000~~] but less than \$1.35 million [~~\$700,000~~], the taxable  
8 entity is entitled to a discount of 40 percent; and

9           (4) for a taxable entity for which the total revenue  
10 from its entire business is equal to or greater than \$1.35 million  
11 [~~\$700,000~~] but less than \$1.5 million [~~\$900,000~~], the taxable  
12 entity is entitled to a discount of 20 percent.

13         SECTION 3. This Act applies only to a report originally due  
14 on or after the effective date of this Act.

15         SECTION 4. This Act takes effect January 1, 2010.