



831358

13 MAY -4 AM 9:22
HOUSE OF REPRESENTATIVES

FLOOR AMENDMENT NO. _____

BY: Van Tylor

1 Amend C.S.H.B. No. 500 (house committee printing) as follows:

2 (1) On page 7, line 10, strike "Subsection (q)" and
3 substitute "Subsections (q), (r), and (s)".

4 (2) On page 8, between lines 1 and 2, insert the following:

5 (r) A taxable entity that elects to subtract cost of goods
6 sold for the purpose of computing its taxable margin may elect to
7 determine the amount of that cost of goods sold in accordance with
8 this subsection. A taxable entity making the election authorized
9 by this subsection is not subject to the provisions of this section
10 relating to the computation of the amount of cost of goods sold
11 other than this subsection and Subsection (s). The taxable entity
12 shall determine the amount of cost of goods sold as follows:

13 (1) for a taxable entity treated for federal income
14 tax purposes as a corporation, the cost of goods sold is the amount
15 reportable as cost of goods sold on line 2, Internal Revenue Service
16 Form 1120;

17 (2) for a taxable entity treated for federal income
18 tax purposes as a partnership, the cost of goods sold is the amount
19 reportable as cost of goods sold on line 2, Internal Revenue Service
20 Form 1065;

21 (3) for a taxable entity treated for federal income
22 tax purposes as an S corporation, the cost of goods sold is the
23 amount reportable as cost of goods sold on line 2, Internal Revenue
24 Service Form 1120S; or

25 (4) for any other taxable entity, the cost of goods
26 sold is an amount determined in a manner substantially equivalent
27 to the amount for Subdivision (1), (2), or (3) determined by rules
28 the comptroller shall adopt.

29 (s) A combined group that elects to subtract cost of goods

1 sold for the purpose of computing its taxable margin shall make the
2 election to compute the amount of that cost of goods sold under
3 Subsection (r), or to compute that amount under the other
4 provisions of this section, for all of its members.

5 (3) On page 8, line 2, strike "Section 171.1014(d), Tax
6 Code, is" and substitute "Sections 171.1014(d) and (d-1), Tax Code,
7 are".

8 (4) On page 8, between lines 9 and 10, insert the following:

9 (d-1) A member of a combined group that does not elect to
10 compute the amount of cost of goods sold as provided by Section
11 171.1012(r) may claim as cost of goods sold those costs that qualify
12 under Section 171.1012 if the goods for which the costs are incurred
13 are owned by another member of the combined group.