

By: Murphy

H.B. No. 1320

A BILL TO BE ENTITLED

AN ACT

relating to the discount for prepayment of sales and use taxes.

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

SECTION 1. Section 151.424, Tax Code, is amended by amending Subsection (a) and adding Subsections (a-1) and (a-2) to read as follows:

(a) A taxpayer who prepays the taxpayer's tax liability on the basis of a reasonable estimate of the tax liability for a quarter in which a prepayment is made or for a month in which a prepayment is made may deduct and withhold:

(1) one [1.25] percent of the amount of the prepayment if the taxpayer pays the tax quarterly; or

(2) one-half of one percent of the amount of the prepayment if the taxpayer pays the tax monthly.

(a-1) The amount of the prepayment permitted to be deducted and withheld under this section is in addition to the amount permitted to be deducted and withheld under Section 151.423 [of this code].

(a-2) A reasonable estimate of the tax liability must be at least 90 percent of the tax ultimately due or the amount of tax paid in the same quarter, or month, if the taxpayer pays the tax monthly [a monthly prepayer], in the last preceding year. Failure to prepay a reasonable estimate of the tax will result in the loss of the entire prepayment discount.

1           SECTION 2. The change in law made by this Act applies only  
2 to a prepayment of tax liability made on or after the effective date  
3 of this Act. A prepayment of tax liability made before the effective  
4 date of this Act is governed by the law in effect on the date the  
5 prepayment was made, and the former law is continued in effect for  
6 that purpose.

7           SECTION 3. The change in law made by this Act does not  
8 affect tax liability accruing before the effective date of this  
9 Act. That liability continues in effect as if this Act had not been  
10 enacted, and the former law is continued in effect for the  
11 collection of taxes due and for civil and criminal enforcement of  
12 the liability for those taxes.

13           SECTION 4. This Act takes effect September 1, 2013.