

By: N. Gonzalez of El Paso, Button

H.B. No. 1722

Substitute the following for H.B. No. 1722:

By: Hilderbran

C.S.H.B. No. 1722

A BILL TO BE ENTITLED

1 AN ACT

2 relating to the amount of indirect or administrative overhead costs  
3 that a taxable entity may subtract as a cost of goods sold under the  
4 franchise tax.

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

6 SECTION 1. Section 171.1012(f), Tax Code, is amended to  
7 read as follows:

8 (f) A taxable entity may subtract as a cost of goods sold  
9 indirect or administrative overhead costs, including all mixed  
10 service costs, such as security services, legal services, data  
11 processing services, accounting services, personnel operations,  
12 and general financial planning and financial management costs, that  
13 it can demonstrate are allocable to the acquisition or production  
14 of goods, except that the amount subtracted may not exceed 5.5  
15 [~~four~~] percent of the taxable entity's total indirect or  
16 administrative overhead costs, including all mixed service costs.  
17 Any costs excluded under Subsection (e) may not be subtracted under  
18 this subsection.

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

21 SECTION 3. This Act takes effect January 1, 2014.