

By: N. Gonzalez of El Paso

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 10 [~~four~~]
15 percent of the taxable entity's total indirect or administrative
16 overhead costs, including all mixed service costs. Any costs
17 excluded under Subsection (e) may not be subtracted under this
18 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.