

By: Murphy

H.B. No. 35

A BILL TO BE ENTITLED

AN ACT

relating to the amount of the discount allowed 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), (e), and (f) to read as follows:

(a) In addition to the amount permitted to be deducted and withheld under Section 151.423, 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 the lesser of the following, as determined by the comptroller under Subsection (e):

(1) 1.25 percent of the amount of the prepayment; or
(2) an annually adjusted percentage of the amount of the prepayment that yields an annualized rate of return equal to the prime rate as published in The Wall Street Journal on the first business day of each calendar year, plus four percent ~~[in addition to the amount permitted to be deducted and withheld under Section 151.423 of this code]~~.

(a-1) A reasonable estimate of the tax liability under Subsection (a) must be at least 90 percent of the tax ultimately due or the amount of tax paid in the same quarter, or month, if a monthly

1 prepayer, in the last preceding year. Failure to prepay a
2 reasonable estimate of the tax will result in the loss of the entire
3 prepayment discount.

4 (e) Not later than January 5 of each year, the comptroller
5 shall:

6 (1) determine the percentage of a taxpayer's
7 prepayment that may be deducted and withheld under Subsection (a);
8 and

9 (2) publish the percentage determined under this
10 subsection on the comptroller's Internet website.

11 (f) The percentage determined under Subsection (e) applies
12 to a deduction and withholding from a prepayment of tax liability
13 that a taxpayer makes on or after January 15 of the year the
14 comptroller makes the determination and before January 15 of the
15 succeeding year.

16 SECTION 2. The comptroller of public accounts shall make
17 the initial determination required by Section 151.424(e), Tax Code,
18 as added by this Act, not later than January 5, 2016.

19 SECTION 3. Section 151.424, Tax Code, as amended by this
20 Act, applies to a prepayment of tax liability made on or after
21 January 15, 2016. A prepayment of tax liability made before January
22 15, 2016, is governed by the law in effect immediately preceding the
23 effective date of this Act, and the former law is continued in
24 effect for that purpose.

25 SECTION 4. The change in law made by this Act does not
26 affect tax liability accruing before the effective date of this
27 Act. That liability continues in effect as if this Act had not been

1 enacted, and the former law is continued in effect for the
2 collection of taxes due and for civil and criminal enforcement of
3 the liability for those taxes.

4 SECTION 5. This Act takes effect October 1, 2015.