

By: Riddle

H.B. No. 525

A BILL TO BE ENTITLED

AN ACT

relating to a franchise tax credit for wages paid to certain employees.

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

SECTION 1. Chapter 171, Tax Code, is amended by adding Subchapter R to read as follows:

SUBCHAPTER R. TAX CREDIT FOR WAGES PAID TO CERTAIN EMPLOYEES

Sec. 171.871. ENTITLEMENT TO CREDIT. A taxable entity is entitled to a credit in the amount and under the conditions provided by this subchapter against the tax imposed under this chapter.

Sec. 171.872. QUALIFICATION. A taxable entity qualifies for a credit under this subchapter for each employee who:

(1) begins employment with the taxable entity on or after September 1, 2015, in a full-time employment position;

(2) is a resident of this state; and

(3) on the date the employee begins employment as described by Subdivision (1):

(A) had been a resident of this state for the preceding five-year period; and

(B) had not previously been employed by the taxable entity.

Sec. 171.873. AMOUNT; LIMITATIONS. (a) The amount of the credit is 50 percent of the wages paid by the taxable entity for each employee described by Section 171.872.

1       (b) A taxable entity may claim the credit only for wages  
2 paid to the employee described by Section 171.872 for a position  
3 located or based in this state.

4       Sec. 171.874. APPLICATION FOR CREDIT. (a) A taxable entity  
5 must apply for a credit under this subchapter on or with the tax  
6 report for the period for which the credit is claimed.

7       (b) The comptroller shall promulgate a form for the  
8 application for the credit. A taxable entity must use the form in  
9 applying for the credit.

10       Sec. 171.875. PERIOD FOR WHICH CREDIT MAY BE CLAIMED. A  
11 taxable entity may claim a credit under this subchapter for wages  
12 paid during an accounting period only against the tax owed for the  
13 corresponding privilege period.

14       SECTION 2. A taxable entity may claim the credit under  
15 Subchapter R, Chapter 171, Tax Code, as added by this Act, only for  
16 wages paid or incurred on or after September 1, 2015, and only on a  
17 franchise tax report due under Chapter 171, Tax Code, on or after  
18 January 1, 2016.

19       SECTION 3. This Act takes effect January 1, 2016.