

By: Capriglione

H.B. No. 2938

A BILL TO BE ENTITLED

AN ACT

relating to the federal tax provisions applicable to the computation of the franchise tax.

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

SECTION 1. Subchapter A, Chapter 171, Tax Code, is amended by adding Section 171.0005 to read as follows:

Sec. 171.0005. DEFINITION OF INTERNAL REVENUE CODE. (a) Except as provided by Subsection (c), "Internal Revenue Code" means the Internal Revenue Code of 1986 in effect for the federal tax year beginning on January 1, 2015, not including any changes made by federal law after that date, and any regulations adopted under that code applicable to that period.

(b) Not later than December 1 of each year, the comptroller by rule may adopt the Internal Revenue Code of 1986 in effect for the federal tax year beginning on January 1 of that year, and any regulations adopted under that code applicable to that period, as the Internal Revenue Code applicable to this chapter if the comptroller determines that adoption of the code in effect for that federal tax year is consistent with the purposes of this chapter and is in the best interest of tax administration. The adoption of the Internal Revenue Code of 1986 in effect for a federal tax year beginning on January 1 of a year applies beginning with reporting periods beginning in that year. The rule continues in effect until amended by the comptroller.

1 (c) If the comptroller adopts a rule under Subsection (b),
2 "Internal Revenue Code" means the Internal Revenue Code of 1986 in
3 effect for the federal tax year provided by the rule and any
4 regulations adopted under that code applicable to that period.

5 SECTION 2. Section 171.0001(9), Tax Code, is repealed.

6 SECTION 3. This Act applies to a report originally due on or
7 after the effective date of this Act.

8 SECTION 4. This Act takes effect January 1, 2016.