

By: Capriglione

H.B. No. 2943

A BILL TO BE ENTITLED

1 AN ACT
2 relating to the exclusion of certain payments from total revenue
3 for purposes of the franchise tax.

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

5 SECTION 1. Section 171.1011, Tax Code, is amended by
6 amending Subsection (g) and adding Subsection (g-9) to read as
7 follows:

8 (g) A taxable entity shall exclude from its total revenue,
9 to the extent included under Subsection (c)(1)(A), (c)(2)(A), or
10 (c)(3), ~~[only]~~ the following flow-through funds that are mandated
11 by contract or subcontract to be distributed to other entities:

12 (1) sales commissions to nonemployees, including
13 split-fee real estate commissions; and

14 (2) the tax basis as determined under the Internal
15 Revenue Code of securities underwritten ~~[, and~~

16 ~~[(3) subcontracting payments made under a contract or~~
17 ~~subcontract entered into by the taxable entity to provide services,~~
18 ~~labor, or materials in connection with the actual or proposed~~
19 ~~design, construction, remodeling, remediation, or repair of~~
20 ~~improvements on real property or the location of the boundaries of~~
21 ~~real property].~~

22 (g-9) A taxable entity shall exclude from its total revenue,
23 to the extent included under Subsection (c)(1)(A), (c)(2)(A), or
24 (c)(3), subcontracting payments made under a contract or

1 subcontract entered into by the taxable entity to provide services,
2 labor, or materials in connection with the actual or proposed
3 design, construction, remodeling, remediation, or repair of
4 improvements on real property or the location of the boundaries of
5 real property. A taxable entity is not required to segregate money
6 in order to qualify for the exclusion under this subsection.

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

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