

By: Estes

S.B. No. 105

A BILL TO BE ENTITLED

AN ACT

relating to the repeal of the franchise tax.

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

SECTION 1. (a) Chapter 171, Tax Code, is repealed.

(b) A taxable entity that is subject to the franchise tax imposed under Chapter 171, Tax Code, on December 31, 2015, shall file a final franchise tax return and pay a transitional tax as required by this subsection on or before May 15, 2016. The transitional tax is equal to the tax the taxable entity would have paid in 2016 under Chapter 171, Tax Code, if Chapter 171, Tax Code, had not been repealed. The provisions of Chapter 171, Tax Code, relating to the computation and payment of the franchise tax in effect on December 31, 2015, remain in effect after the repeal of Chapter 171, Tax Code, by this section for the purposes of computing and paying the transitional tax required by this subsection.

(c) Chapter 171, Tax Code, and Subtitle B, Title 2, Tax Code, continue to apply to audits, deficiencies, redeterminations, and refunds of any tax due or collected under Chapter 171, including the tax due as provided by Subsection (b) of this section, until barred by limitations.

(d) The repeal of Chapter 171, Tax Code, does not affect:

(1) the status of a taxable entity that has had its corporate privileges, certificate of authority, certificate of organization, certificate of limited partnership, corporate

1 charter, or registration revoked, suit filed against it, or a
2 receiver appointed under Subchapter F, G, or H of that chapter;

3 (2) the ability of the comptroller, secretary of
4 state, or attorney general to take action against a taxable entity
5 under Subchapter F, G, or H of that chapter for actions that took
6 place before the repeal; or

7 (3) the right of a taxable entity to contest a
8 forfeiture, revocation, lawsuit, or appointment of a receiver under
9 Subchapter F, G, or H of that chapter.

10 SECTION 2. This Act takes effect January 1, 2016.