

## **BILL ANALYSIS**

Senate Research Center

S.B. 296  
By: Perry  
Finance  
5/26/2021  
Enrolled

### **AUTHOR'S / SPONSOR'S STATEMENT OF INTENT**

Current law requires a seller to provide resale and exemption certificates to the Comptroller of Public Accounts of the State of Texas (comptroller) in connection with a sales and use tax audit. Resale or exemption certificates are currently required to be in the possession of the seller at the time the nontaxable transaction occurs. If the seller is not in possession of these certificates within 60 days from the date of written notice from the comptroller, the deductions claimed by the seller are disallowed.

S.B. 296 amends the Tax Code to allow a seller to deliver the certificates to the comptroller at an alternative date. The bill specifically extends the current deadline to 90 days from the date of written notice and allows for a subsection extension made by agreement with the comptroller.

S.B. 296 amends current law relating to the date by which a seller must provide resale and exemption certificates to the comptroller in connection with a sales and use tax audit.

### **RULEMAKING AUTHORITY**

This bill does not expressly grant any additional rulemaking authority to a state officer, institution, or agency.

### **SECTION BY SECTION ANALYSIS**

SECTION 1. Amends Section 151.054, Tax Code, by amending Subsection (e) and adding Subsection (f), as follows:

(e) Requires that deductions relating to sales tax on certain gross receipts claimed by the seller that require delivery of the certificates be disallowed, if the seller is not in possession of properly completed resale or exemption certificates within 90 days, rather than 60 days, from the date written notice requiring possession of them is given to the seller by the Comptroller of Public Accounts of the State of Texas (comptroller) or a later date agreed to by the comptroller and the seller. Prohibits a deduction from being granted on the basis of certificates delivered to the comptroller after the 90-day period or, if applicable, the date agreed to by the comptroller and the seller, rather than after the 60-day period. Makes conforming changes.

(f) Authorizes the comptroller, before allowing a deduction, to verify the reason or basis for exemption claimed in a resale or exemption certificate delivered to the comptroller during the period provided by Subsection (e).

SECTION 2. Amends Section 151.104, Tax Code, by amending Subsection (d) and adding Subsection (e), as follows:

(d) Requires that deductions relating to use tax on certain sales claimed by the seller that require delivery of the certificates be disallowed, if the seller is not in possession of properly completed resale or exemption certificates within 90 days, rather than 60 days, from the date written notice requiring possession of them is given to the seller by the comptroller or a later date agreed to by the comptroller and the seller. Prohibits a deduction from being granted on the basis of certificates delivered to the comptroller

after the 90-day period or, if applicable, the date agreed to by the comptroller and the seller, rather than after the 60-day period. Makes conforming changes.

(e) Authorizes the comptroller, before allowing a deduction, to verify the reason or basis for exemption claimed in a resale or exemption certificate delivered to the comptroller during the period provided by Subsection (d).

SECTION 3. Provides that Sections 151.054 (Gross Receipts Presumed Subject to Tax) and 151.104 (Sale for Storage, Use, or Consumption Presumed), Tax Code, as amended by this Act, apply to an audit of a seller's sales transactions that is pending on or commenced on or after the effective date of this Act.

SECTION 4. Effective date: upon passage or September 1, 2021.