88R11062 CJD-D

By:  Paxton S.B. No. 1605

A BILL TO BE ENTITLED

AN ACT

relating to the reduction of the rates of the franchise tax.

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

SECTION 1.  Sections 171.002(a) and (b), Tax Code, are amended to read as follows:

(a)  Subject to Sections 171.003 and 171.1016 and except as provided by Subsection (b), the rate of the franchise tax is 0.6 [~~0.75~~] percent of taxable margin.

(b)  Subject to Sections 171.003 and 171.1016, the rate of the franchise tax is 0.3 [~~0.375~~] percent of taxable margin for those taxable entities primarily engaged in retail or wholesale trade.

SECTION 2.  Section 171.1016(b), Tax Code, is amended to read as follows:

(b)  The amount of the tax for which a taxable entity that elects to pay the tax as provided by this section is liable is computed by:

(1)  determining the taxable entity's total revenue from its entire business, as determined under Section 171.1011;

(2)  apportioning the amount computed under Subdivision (1) to this state, as provided by Section 171.106, to determine the taxable entity's apportioned total revenue; and

(3)  multiplying the amount computed under Subdivision (2) by the rate of 0.265 [~~0.331~~] percent.

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

SECTION 4.  This Act takes effect January 1, 2024.