

By: Capriglione

H.B. No. 2941

A BILL TO BE ENTITLED

AN ACT

relating to the computation of wages and cash compensation for purposes of the franchise tax.

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

SECTION 1. Section 171.1013(a), Tax Code, is amended to read as follows:

(a) Except as otherwise provided by this section, "wages and cash compensation" means the amount entered in the Medicare wages and tips box of Internal Revenue Service Form W-2 or any subsequent form with a different number or designation that substantially provides the same information. The term also includes, to the extent not included above:

(1) a person's net distributive income from a taxable entity treated as a partnership for federal income tax purposes, but only if the person ~~[receiving the distribution]~~ is a natural person, a professional association owned entirely by natural persons, or a professional corporation owned entirely by natural persons, and only if the amount is positive;

(2) a person's net distributive income from limited liability companies and corporations treated as S corporations for federal income tax purposes, but only if the person ~~[receiving the distribution]~~ is a natural person and only if the amount is positive;

(3) stock awards and stock options deducted for

1 federal income tax purposes; ~~and~~

2 (4) a person's net distributive income from a limited
3 liability company treated as a sole proprietorship for federal
4 income tax purposes, but only if the person ~~[receiving the~~
5 ~~distribution]~~ is a natural person and only if the amount is
6 positive; and

7 (5) payroll taxes paid by a taxable entity in
8 connection with the employment of an officer, director, owner,
9 partner, or employee.

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

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