

Credits/Incentives:

Texas: Changes to Franchise Tax and Sales Tax Research and Development Rules Adopted

Amended Tex. Admin. Code tit. 34 section 3.599 and Amended Tex. Admin. Code tit. 34 Section 3.340, Tex. Comptroller (eff. 8/4/22). The Texas Comptroller of Public Accounts (Comptroller) adopted regulatory amendments that provide additional guidance and clarification on the Texas franchise tax research and development (R&D) activities credit and the sales/use tax R&D exemption [see previously issued Multistate Tax Alert for 2021 amendments to these same rules]. Among the adopted changes are amendments to the definition of “Internal Revenue Code” to ultimately expand the federal Treasury Regulations applicable to the 2011 federal income tax year; the Comptroller has noted such changes are in direct response to comments received during the Comptroller’s 2021 rulemaking process. Other adopted changes include guidance on determining the R&D credit carryforward when the combined franchise tax group changes, as well as eliminating certain “internal use software” examples. Please contact us with any questions.

URL: <https://www.sos.texas.gov/texreg/pdf/backview/0729/0729adop.pdf>

URL: <https://www2.deloitte.com/content/dam/Deloitte/us/Documents/Tax/us-multistate-tax-alert-texas-comptroller-adopts-amended-rules-for-r-and-d-activities.pdf>

— Robert Topp (Houston)
Managing Director
Deloitte Tax LLP
rtopp@deloitte.com

Jerry Lo (Houston)
Managing Director
Deloitte Tax LLP
jerlo@deloitte.com

Grace Taylor (Houston)
Senior Manager
Deloitte Tax LLP
grtaylor@deloitte.com

Lauren Bogue Rothman (Houston)
Senior Manager
Deloitte Tax LLP
lrothman@deloitte.com

Chris Blackwell (Austin)
Senior Manager
Deloitte Tax LLP
cblackwell@deloitte.com

This document contains general information only and Deloitte is not, by means of this document, rendering accounting, business, financial, investment, legal, tax, or other professional advice or services. This document is not a substitute for such professional advice or services, nor should it be used as a basis for any decision or action that may affect your business. Before making any decision or taking any action that may affect your business, you should consult a qualified professional advisor. Deloitte shall not be responsible for any loss sustained by any person who relies on this document.

About Deloitte

Deloitte refers to one or more of Deloitte Touche Tohmatsu Limited (“DTTL”), its global network of member firms, and their related entities (collectively, the “Deloitte organization”). DTTL (also referred to as “Deloitte Global”) and each of its member firms and related entities are legally separate and independent entities, which cannot obligate or bind each other in respect of third parties. DTTL and each DTTL member firm and related entity is liable only for its own acts and omissions, and not those of each other. DTTL does not provide services to clients. Please see www.deloitte.com/about to learn more.