

Income/Franchise:

Texas Comptroller Proposes Amendments to Franchise Tax Apportionment Rule on Sourcing

Proposed Amended 34 Tex. Admin. Code § 3.591, Tex. Comptroller (1/20/23). The Texas Comptroller of Public Accounts (Comptroller) proposed various amendments to its Texas franchise tax apportionment rule, including revisions responsive to the opinion issued by the Texas Supreme Court during 2022 addressing the proper sourcing methodology for receipts derived from satellite radio subscriptions [see previously issued Multistate Tax Alert for more details on this case]. According to the Comptroller, the proposed amendments remove the “receipt-producing, end-product act” sourcing standard, as well as some related examples, and interprets the Court’s phrase “useful work for the customer” to mean “work that the customer hired the taxable entity to perform.” Comments on the proposed rule amendments must be received no later than 30 days from the January 20, 2023 publication date in the Texas Register. Please contact us with any questions.

URL: <https://www.sos.state.tx.us/texreg/pdf/backview/0120/0120is.pdf>

URL: <https://www2.deloitte.com/content/dam/Deloitte/us/Documents/Tax/us-tax-texas-supreme-court-rules-in-taxpayers-favor-regarding-apportionment-dispute.pdf>

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