

## Income/Franchise:

### Texas Comptroller Addresses New Law Increasing No-Tax-Due Total Revenue Threshold and Eliminating Filing of Certain Franchise Tax Returns

*Tax Policy News*, Tex. Comptroller of Public Accounts (11/23). A recent Tax Policy Newsletter as issued by the Texas Comptroller of Public Accounts (Comptroller) addresses that effective for Texas franchise tax reports originally due on or after January 1, 2024 (i.e., Report Year 2024), new legislation [see S.B. 3 (2023), and *State Tax Matters*, Issue 2023-30, for more details on this new law] increases the “no tax due” revenue threshold to \$2.47 million and prohibits the Comptroller’s office from requiring taxable entities whose annualized total revenue is at or below the revenue threshold to file a “No Tax Due Report” – as well as explains how the Comptroller intends to implement these law changes. In the context of combined reporting, the Comptroller provides that a combined group must include all taxable entities in the combined group report even if any member, on a separate entity basis, has annualized total revenue at or below the “no tax due” revenue threshold; alternatively, if a combined group’s annualized total revenue is at or below the “no tax due” revenue threshold, the combined group is no longer required to file a Texas franchise tax report, an Affiliate Schedule (Form 05-166), or a Common Owner Information Report (Form 05-177) for that report year. However, the Comptroller reiterates that each individual member of the combined group that is organized in Texas or has nexus in Texas must file a Public Information Report (Form 05-102) or Ownership Information Report (OIR) (Form 05-167). In addition, certain entities that historically have been required to file a “No Tax Due” report (e.g., qualifying passive entities pursuant to Texas Tax Code s. 171.0003) may now be required to file either a long form (Form 05-158-A and 05-158-B) or EZ Computation form (Form 05-169) and darken the appropriate circle in the taxpayer information section at the top of the form. Please contact us with any questions.

[URL: https://comptroller.texas.gov/taxes/tax-policy-news/2023-november.php](https://comptroller.texas.gov/taxes/tax-policy-news/2023-november.php)

[URL: https://capitol.texas.gov/BillLookup/History.aspx?LegSess=882&Bill=sb3](https://capitol.texas.gov/BillLookup/History.aspx?LegSess=882&Bill=sb3)

[URL: https://dhub.deloitte.com/Newsletters/Tax/2023/STM/230728\\_5.html](https://dhub.deloitte.com/Newsletters/Tax/2023/STM/230728_5.html)

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