Deloitte.

Income/Franchise:
Texas: New Law Requires Registered Securities Market Operators to Exclude Certain Transaction Rebate Payments from Franchise Tax Base

S.B. 1058, signed by gov. 5/13/25. Effective as of January 1, 2026, and applicable to franchise tax reports originally due on or after such date, newly signed legislation requires that a taxable entity qualifying as a "registered securities market operator" exclude from its total revenue in calculating its Texas franchise tax liability any transaction rebate payments made by the operator to a defined broker or dealer as part of a securities transaction. According to the accompanying bill notes, the legislation seeks to secure accurate tax treatment for entities operating in the securities market as "revenue often includes pass-through payments that do not reflect true income, particularly transaction rebate payments made to brokers or dealers as part of securities trades." Please contact us with any questions.

URL: https://capitol.texas.gov/BillLookup/History.aspx?LegSess=89R&Bill=SB1058
URL: https://capitol.texas.gov/tlodocs/89R/analysis/pdf/SB01058H.pdf

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

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

This communication contains general information only, and none of Deloitte Touche Tohmatsu Limited ("DTTL"), its global network of member firms or their related entities (collectively, the "Deloitte organization") is, by means of this communication, rendering professional advice or services. Before making any decision or taking any action that may affect your finances or your business, you should consult a qualified professional adviser.

No representations, warranties or undertakings (express or implied) are given as to the accuracy or completeness of the information in this communication, and none of DTTL, its member firms, related entities, employees or agents shall be liable or responsible for any loss or damage whatsoever arising directly or indirectly in connection with any person relying on this communication. DTTL and each of its member firms, and their related entities, are legally separate and independent entities.

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.

Deloitte provides industry-leading audit and assurance, tax and legal, consulting, financial advisory, and risk advisory services to nearly 90% of the Fortune Global 500® and thousands of private companies. Our professionals deliver measurable and lasting results that help reinforce public trust in capital markets, enable clients to transform and thrive, and lead the way toward a stronger economy, a more equitable society and a sustainable world. Building on its 175-plus year history, Deloitte spans more than 150 countries and territories. Learn how Deloitte's approximately 415,000 people worldwide make an impact that matters at www.deloitte.com.

Copyright © 2025 Deloitte Development LLC
All rights reserved.