

BILL ANALYSIS

Senate Research Center
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S.B. 1319
By: Ratliff
Finance
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As Filed

DIGEST

Currently, the state's tax record-keeping, tax reporting, and auditing processes are often long and excessively burdensome for business taxpayers. This bill would authorize certain taxpayers to perform self-audits under the supervision of the comptroller of public accounts office and certain businesses could assess the taxability of their purchases and tax refunds due through a sampling method.

PURPOSE

As proposed, S.B. 1319 revises the tax auditing and collection procedures.

RULEMAKING AUTHORITY

This bill does not grant any additional rulemaking authority to a state officer, institution, or agency.

SECTION BY SECTION ANALYSIS

SECTION 1. Amends Chapter 111A, Tax Code, by adding Section 111.0037 and 111.0038, as follows:

Sec. 111.0037. **SELF-AUDITING UNDER SUPERVISION OF COMPTROLLER.** Authorizes a taxpayer to apply to the comptroller of public accounts (comptroller) for permission to conduct its own tax audit under the supervision of the comptroller. Requires the comptroller to allow the taxpayer to conduct its own tax audit if the comptroller determines certain conditions exist. Authorizes the comptroller to supervise, verify, or audit the audit process of the taxpayer in any manner the comptroller considers necessary. Provides that any interest or penalty is waived on any delinquent tax found by a self-audit under this section, notwithstanding Sections 111.060 and 111.061. Provides that the taxpayer is entitled to a refund of any tax overpayment found by a self-audit under this section.

Sec. 111.0038. **PERCENTAGE-BASED REPORTING.** Authorizes the comptroller to implement a system of percentage-based reporting that allows a taxpayer the nature of whose business the comptroller determines is suitable for the system to report its future tax responsibilities based on a historical percentage calculated from a sample of transactions.

SECTION 2. Amends Section 111.104, Tax Code, by amending Subsection (f) and adding Subsections (g) and (h), to authorize a person who holds a sales tax permit under Chapter 151 and who makes a claim under this section for a refund of sales taxes paid by the person in error to take a credit on the person's sales tax return for the amount claimed to have been paid in error. Provides that if the claim is finally denied in whole or in part, the person is liable for the tax due and any applicable interest and penalty. Requires the comptroller to use, on its own initiative or at the request of the taxpayer, the same or similar audit sampling techniques used by the comptroller to determine if there is any tax deficiency, in finding whether an amount of tax has been unlawfully or erroneously collected under Subsection (a). Makes a conforming change.

SECTION 3. Effective date: September 1, 1999.
Makes application of this Act prospective.

SECTION 4. Emergency clause.