

# Franchise Tax Calculation

## Annualized Revenue

Report year \_\_\_\_\_

Accounting year begin date    month    day    year  
 \_\_\_\_\_

Accounting year end date    month    day    year  
 \_\_\_\_\_

Total revenue for the report period  
 \_\_\_\_\_

Annualized amount  
 \_\_\_\_\_

## Step 1. Margin

- 1a. Total revenue ..... \_\_\_\_\_
- 1b. Cost of goods sold ..... \_\_\_\_\_
- 1c. Cost of goods sold margin - Line 1a minus Line 1b ..... \_\_\_\_\_
- 2a. Total revenue ..... \_\_\_\_\_
- 2b. Wages and cash compensation ..... \_\_\_\_\_
- 2c. Employee benefits ..... \_\_\_\_\_
- 2d. Compensation margin - Line 2a minus (Lines 2b and 2c) ..... \_\_\_\_\_
- 3a. Total revenue ..... \_\_\_\_\_
- 3b. % margin - Equals 70% of Line 3a ..... \_\_\_\_\_
- 4. **Margin** - Enter the least of Lines 1c, 2d or 3b ..... \_\_\_\_\_

## Step 2. Apportionment

- 5. Texas gross receipts ..... \_\_\_\_\_
- 6. Everywhere gross receipts ..... \_\_\_\_\_
- 7. **Apportionment factor** - Line 5 divided by Line 6 ..... \_\_\_\_\_

## Step 3. Taxable Margin

- 8. **Taxable margin** - Line 4 multiplied by Line 7 ..... \_\_\_\_\_

## Step 4. Tax Due

- 9. Tax due before discount or credits  
 - Multiply Line 8 by  0.5% for wholesalers and retailers or  1% for other taxable entites .... \_\_\_\_\_
- 10. Credits ..... \_\_\_\_\_
- 11. E-Z computation (if eligible) - Line 3a times Line 7 times 0.00575 ..... \_\_\_\_\_
- 12. Discount ..... \_\_\_\_\_
- 13. **Net tax due** - Line 9 minus (Lines 10 and 12) OR Line 11 minus Line 12.  
 (If less than \$1,000, you owe no tax. Cannot be less than zero.) ..... \_\_\_\_\_