



Franchise Tax Extensions of Time to File

Franchise Tax Extended Due Date

The COVID-19 pandemic is disrupting life for people and businesses nationwide. To provide Texas franchise taxpayers some relief, the Texas Comptroller of Public Accounts is automatically extending the due date for 2020 Texas franchise tax reports to July 15, 2020 to be consistent with the Internal Revenue Service (IRS).

The due date extension applies to all franchise taxpayers. The extension is automatic, and franchise taxpayers do not need to file any additional forms.

Non-EFT Franchise Taxpayers

Non-electronic funds transfer (non-EFT) franchise taxpayers that cannot file by July 15 may file an extension request on or before July 15 and must pay 90 percent of the tax due for the current year, or 100 percent of the tax reported as due for the prior year with the extension request. Non-EFT franchise taxpayers who request an extension have until Jan. 15 to file their report and pay the remainder of the tax due.

If the extension request does not meet the payment requirements when the report is filed, penalty and interest will apply to any part of the 90 percent of the tax not paid by July 15 and to any part of the 10 percent of the tax not paid by Jan. 15, 2021.

EFT Franchise Taxpayers

On or before July 15, franchise taxpayers that are mandatory EFT payers may request an extension of time to file to Aug. 15 and must pay 90 percent of the tax due for the current year or 100 percent of the tax reported as due for the prior year with the extension request. On or before Aug. 15, EFT franchise taxpayers may request a second extension of time to file their report and must pay the remainder of any tax due with their extension request. The Aug. 15 extension request extends the report due date to Jan 15.

Any payments made after Aug. 15 will be subject to penalty and interest.

The Comptroller's office will grant an extension of time to file a franchise tax report upon receipt of a timely request. Timely means submitted or postmarked on or before the due date of the original report.

Generally, for an extension to be valid, 100 percent of the tax paid in the prior year, or 90 percent of the tax that will be due with the current year's report, must be paid on or before the original due date of the report.

See the ***Type of Extension*** section below for important details and to learn how to request an extension.

Due Dates

If a due date falls on a Saturday, Sunday or legal holiday, the next working day becomes the due date.

How to Request an Extension

Type of Extension

Annual reports for entities not required to pay franchise tax by Electronic Funds Transfer (EFT)

Use franchise tax Webfile or file Form 05-164, Texas Franchise Tax Extension Request [comptroller.texas.gov/taxes/franchise/forms/], along with the appropriate payment, on or before the original due date of the report.

The extension payment must be at least 90 percent of the tax that will be due with the report filed on or before Nov. 15, or 100 percent of the tax reported as due on the prior franchise tax report (provided the prior report was filed on or before May 14 of the year for which the extension is requested).

A taxable entity that became subject to the franchise tax during the previous year cannot use the 100 percent payment option to file its first annual report. Also, a separate entity that was included in a combined group report in the prior year cannot use the 100 percent payment option.

If the extension request does not meet the payment requirements when the report is filed, penalty and interest will apply to any part of the 90 percent of the tax not paid by the original due date and to any part of the 10 percent of the tax not paid by the extended due date.

Nov. 15 is the extended due date.

Entities required to pay franchise tax by EFT – FIRST Extension

- Entities that paid \$10,000 or more in franchise taxes in the previous state fiscal year are required to pay using EFT.
- Entities that paid \$10,000 to \$499,999.99 can meet the EFT extension payment requirement by using franchise tax Webfile to make their payment on or before the due date.

- Entities that paid \$500,000 or more in franchise taxes in the previous state fiscal year are required to pay using TEXNET. These entities will request an extension by making a timely TEXNET payment using tax type payment code 13080 (Franchise Tax Extension). The report year is the year the payment is due. Payment information must be completed by 8 p.m. (CT) on the business day prior to the due date. See the TEXNET Payment Instructions Booklet [comptroller.texas.gov/programs/systems/docs/96-590.pdf] for additional information.

Do not submit Form 05-164, Texas Franchise Tax Extension Request, when using TEXNET and payment code 13080.

Aug. 15 is the extended due date.

Entities Required to Pay Franchise Tax by EFT – SECOND Extension

Request a second extension by making a timely TEXNET payment, using tax type code 13080 (Franchise Tax Extension), or use franchise tax Webfile to make the second extension payment on or before Aug. 15.

The payment should equal the balance of the amount of tax that will be reported as due on Nov. 15. If all of the tax due was paid with the entity's first extension, use franchise tax Webfile or submit Form 05-164, Texas Franchise Tax Extension Request [comptroller.texas.gov/taxes/franchise/forms/], to request a second extension.

Nov. 15 is the extended due date.

Final Reports

A final report and payment of tax are due within 60 days after the taxable entity no longer has sufficient nexus with Texas to be subject to the franchise tax.

Request an extension for a final report online with Webfile or by filing Form 05-164, Texas Franchise Tax Extension Request [comptroller.texas.gov/taxes/franchise/forms/], along with the appropriate payment, submitted or postmarked on or before the original due date of the report.

An entity required to pay franchise tax by EFT should request a final extension through TEXNET, using tax payment code 13080, on or before the due date of the final report. The extension payment must be at least 90 percent of the tax that will be due with the report.

If the extension request does not meet the payment requirements when the report is filed, penalty and interest will apply to any part of the 90 percent of the tax not paid by the original due date and to any part of the 10 percent of the tax not paid by the extended due date.

The extended due date is 45 days after the original due date of the final report.