



**THE ATTORNEY GENERAL  
OF TEXAS**

**AUSTIN 11, TEXAS**

**JOHN BEN SHEPPERD  
ATTORNEY GENERAL**

May 29, 1956

Honorable Tom Reavley  
Secretary of State  
State of Texas  
Austin, Texas

Opinion No. S-199

Re: Proper method for fixing franchise tax liability of a corporation dissolving within one year after incorporation.

Dear Mr. Reavley:

In your letter requesting the opinion of this office on the above-captioned question you state in part as follows:

"Although under ordinary circumstances a new domestic corporation would not be required to file a franchise tax return until the expiration of the first corporate year, it seems only logical that a corporation . . . [submitting Articles of Dissolution within one year after incorporation] should be required to immediately file a return in order to present this office a basis for computing the franchise tax to be paid to permit it to legally dissolve. The Texas Business Corporation Act prohibits the filing of Articles of Dissolution unless the franchise tax is paid, and our problem then is one of determining the period for which the tax should be exacted.

"Article 7084 V.C.S. of Texas, as amended, requires the computation of the tax upon the stated capital, surplus and undivided profits, and certain bonds, notes and debentures at \$2 per \$1,000 or a fractional part thereof (\$2.25 on and after May 1, 1956), but provides for a minimum tax of \$25. This, of course, would be for one full year as further provided in this Article.

"With the foregoing facts before you, please advise this office if we should collect the franchise tax as would be disclosed by the return demanded of the corporation for one full year; or, should the tax be apportioned in order to exact the franchise tax only for the period from the date of filing Articles of Incorporation to the date of submitting the Articles of Dissolution? If the tax is to be apportioned and the amount for only a portion of the year should be less than the minimum, should that amount be accepted, or should we demand the minimum tax of \$25?"

Hon. Tom Reavley, page 2 (Opinion No. S-199)

You should collect the franchise tax for a full year as disclosed by the return demanded of a domestic corporation which submits Articles of Dissolution within its first corporate year. There are no provisions for apportionment of franchise taxes due by corporations in Title 122, Chapter Three, Vernon's Civil Statutes, or elsewhere in our statutes.

SUMMARY

The proper method of collecting the franchise tax of a private domestic corporation dissolving within one year after incorporation is to collect the franchise tax for a full year as disclosed by the franchise tax return demanded of the corporation.

Yours very truly,

APPROVED:

W. V. Geppert  
Taxation Division

Mary K. Wall  
Reviewer

J. Arthur Sandlin  
Reviewer

L. W. Gray  
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