

May, 2008

**TAX ALERT: TEXAS FRANCHISE TAX REQUIREMENTS EXPANDED;**  
**ANY COMPANY DOING BUSINESS IN TEXAS MAY NEED TO FILE**

Texas substantially changed the Texas Franchise Tax for reports originally due on or after January 1, 2008. **Now, most legal entities including partnerships, joint ventures, LLCs, LPs, LLPs, corporations and S corporations are subject to the franchise tax.** The revised Texas Franchise Tax is now based on "margin," which can be computed using one of three different methods. The rate is generally 1% of your apportioned margin, but can be less depending on whether you qualify for discounts or are a qualifying wholesaler or retailer.

**If you do business in Texas, whether or not incorporated, organized, formed, qualified or registered under Texas law, you may be subject to the revised Texas Franchise Tax. Initial Texas Franchise Tax Returns are due June 2, 2008.** If you previously filed a Texas Franchise Tax Return, this year's returns are due June 16, 2008 (May 15<sup>th</sup> in subsequent years).

Please contact us to help you determine your filing requirements for the new Texas Franchise Tax Report under the new rules. If you have any questions about this alert or any other tax planning, please contact AGH at (316) 267-7231.

*NOTE: Pursuant to federal regulations imposed on practitioners who render tax advice ("Circular 230"), we are required to inform you that any discussion of tax matters contained herein is not intended or written to be tax advice, and cannot be relied upon as such, nor can it be used for the purpose of (i) avoiding tax penalties that may be imposed by the IRS or any state taxing authorities, or (ii) promoting, marketing or recommending to another party any transaction or matter addressed herein. If you seek definitive tax advice on a matter, please request a written tax memorandum from your AGH tax advisor.*