LABOR TAXES

Your Manufacturing Business
Texas sales and use tax exemptions are available to taxpayers who manufacture, fabricate or process tangible personal property for sale.

And generally, labor is also exempt from taxes for manufacturers; however, there are some exceptions and circumstances under which manufacturing-related labor WILL be taxed — it is important that this not be overlooked by the corporate taxpayer.

There are specific manufacturing businesses that reap additional exemptions, and there are those businesses that are more complex, and have additional burdens.

Manufacturing businesses that should fully examine Texas corporate tax laws include oil & gas, packaging, and printing/publishing, among others.

Your Service Business May Be Taxable
If you operate a service business in Texas, you may be required to collect sales tax.

A Texas business that provides a taxable service for a fee is required to obtain a sales tax permit and collect the state and local sales tax. If these identified services are simply a component of your manufacturing business, taxes can still be potentially levied by the state.

TEXAS UNEMPLOYMENT TAXES
State unemployment taxes are experience-rated based on the number of unemployment claims filed against an employer. The more claims, the more an employer must pay. The Texas Workforce Commission (TWC) said 2010 increases occurred because of the amount of unemployment insurance benefits paid.

GROSS RECEIPTS TAX
Texas, in addition to collecting no personal income taxes, collects no corporate income taxes. However, the state recently instituted a gross receipts tax called the Texas Margins tax. It went into effect January 1, 2007.

MAXIMUSalliance
MAXIMUSalliance Partners, LLC (MAXIMUSalliance) is a national tax and recovery audit firm, specializing in State & Local Taxes (SALT).

MAXIMUSalliance provides the following SALT services: Licensing & Permitting, Compliance & Reporting, Managed Audits, Audit Defense, Strategic Consulting, and Voluntary Disclosure.

1099 Update
As many are aware, due to the recently passed healthcare reform law, 1099 requirements are set to become extremely onerous on businesses.

Original language required that beginning in 2012, all payments from businesses totaling over $600 be required to be reported on a 1099.

Among others, the American Institute of Certified Public Accountants have asked for a repeal of these 1099 requirements. Lawmakers on both sides of the aisle agree.

But this component of the healthcare law is a tough one to undo. Congress can’t undo the looming 1099 tax mess without finding $2 billion a year to offset the government revenue that the wildly unpopular provision is expected to generate.

Despite various repeal legislation that has been floated, small business owners -- the ones who will be most affected by the 1099 paperwork blizzard if it takes effect next year, as scheduled -- should brace themselves for a long slog toward repealing this mandate.

Workforce Tax Incentives
Texas Workforce Solutions, which is comprised of the Texas Workforce Commission (TWC) and the 28 local workforce boards, can help employers identify ways to benefit from tax savings and other incentives when hiring.

As an example, employers can offset the costs associated with hiring and training new workers through the TWC initiative “Texas Back to Work.”

This wage-subsidy program is funded by the Texas Legislature. When private-sector employers hire from a qualified pool of unemployed Texas workers, the employer may be eligible to receive up to $2,000 to subsidize part of the wages paid to the newly hired worker.