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Glenn Hegar Texas Comptroller of Public Accounts



School Fundraisers

Texas school districts and public schools are exempt [comptroller.texas.gov/taxes/publications/96-122.php] from paying Texas sales and use tax on taxable items they purchase. Qualified nonprofit private schools are also exempt from paying tax if their purchases relate to their exempt function.

Unless an exemption applies, these entities must get a sales tax permit [comptroller.texas.gov/taxes/permit/] and collect and remit sales tax on taxable items sold. They do not need a sales tax permit if they sell only exempt items or if the sales are through tax-free fundraisers.

Sales by School Organizations

Texas school districts, public schools, qualified exempt private schools and bona fide chapters within a qualifying school may have two one-day, tax-free sales or auctions each calendar year (January through December). During a tax-free sale day, the organization is not required to collect tax on the sales price of taxable items.

▼ What is a One-Day, Tax-Free Sale?

A one-day, tax-free sale day (24 consecutive hours) is either:

- The day the vendor delivers the items to the exempt organization; or
- The day the exempt organization delivers the items to its customers.

For example, a school group selling yearbooks can accept pre-orders without collecting tax if the day the group delivers the yearbooks to its customers is on one of the group's designated tax-free sales days.

Customers buying from surplus inventory on the designated day do not owe tax. For example, a school can sell old yearbooks on the same designated day they are distributing the new yearbooks and not collect sales tax. Extra yearbooks sold outside of those days are taxable.

If two or more organizations hold a tax-free sale together, the event counts as one tax-free sale for each participating group. Each organization that participates in the joint tax-free sale can hold one additional tax-free sale during that calendar year.

An organization can hold its two tax-free sales back-to-back for a maximum of 48 consecutive hours. For example, a sale could last from noon Friday until noon Sunday.

This exemption does not apply to any items sold for more than \$5,000, unless the exempt organization made the item or it was donated to the organization and not sold back to the donor.

If an exempt organization sells only nontaxable items or sells only during its tax-free fundraisers, it does not need a sales tax permit. To buy taxable items tax free for resale, the organization can either give the seller a resale certificate [comptroller.texas.gov/forms/01-339.pdf], if it has a sales tax permit, or an exemption certificate [comptroller.texas.gov/forms/01-339.pdf]. See the "Food and Beverage Sales" and "Other Nontaxable Sales" sections.

Schools and Bona Fide Chapters

To qualify as a bona fide chapter of a school, a group of students must be organized for an activity other than instruction or to have tax-free sales.

"Bona fide chapters" include school-recognized student groups organized by electing officers, holding meetings and conducting business. Bona fide chapters can include whole grade levels, such as the senior, junior, sophomore or freshman class, but cannot be limited to a specific class, such as English Composition or Freshman Biology. Other school groups composed of students and staff can qualify, such as student councils, science clubs or drama clubs. There is no limit on the number of bona fide chapters.

School departments such as purchasing, accounting or maintenance departments, and specific classes like biology or math classes, are not bona fide chapters, even though they are part of the school or school district.

Unless otherwise qualified to hold tax-free sales, groups that are not bona fide chapters must get a sales tax permit and collect and remit sales tax on taxable items unless another exemption applies.

▼ Booster Clubs, PTAs, PTOs, PTSAs and PTSOs

Nonstudent organizations do not qualify as bona fide chapters of a school, but may qualify for the taxfree sale days under other provisions. Examples are booster clubs, parent-teacher associations (PTAs), parent-teacher organizations (PTOs), parent-teacher-student associations (PTSAs) and parent-teacher-student organizations (PTSOs). Nonstudent nonprofit organizations that are not bona fide chapters of schools, however, may still qualify for two one-day, tax-free sales or auctions on their own.

For example, a booster club for a band, athletic team or similar group can hold two one-day, tax-free sales or auctions once it has received a sales tax exemption from the Comptroller's office.

A nonprofit organization that has received an Internal Revenue Service (IRS) exemption under Section 501(c)(3), (4), (8), (10) or (19) can qualify for Texas sales and franchise taxes exemptions. A booster

club that has one of these 501(c) federal exemptions must apply to receive these tax exemptions by completing and submitting Form AP-204 [comptroller.texas.gov/forms/ap-204.pdf] along with a copy of its IRS exemption letter to the Comptroller's office. After our office notifies the club of its exempt status, the club can hold two one-day, tax-free sales or auctions each calendar year.

PTAs, PTOs, PTSAs and PTSOs and similar parent-teacher organizations can qualify for a sales tax exemption as educational organizations and can hold two one-day, tax-free sales or auctions each calendar year. All parent-teacher organizations must complete and submit Form AP-207, *Application for Exemption - Educational Organizations* [comptroller.texas.gov/forms/ap-207.pdf] to the Comptroller's office. Once the exemption is granted, these organizations can hold the two one-day, tax-free sales or auctions each calendar year.

Sales of taxable items made at other times of the year are taxable, unless another exemption applies.

School Organizations Raising Money Using a Fundraising Company

Sometimes a school, school group, parent-teacher group, booster club or other exempt organization raises funds by entering into an agreement with a fundraising company to sell taxable items, such as wrapping paper, gifts, candles or candy, and receives money for their exempt school organization use.

The exempt school organization markets the items, collects the money and forwards to the fundraising company an agreed-upon portion of the money collected and all the sales tax collected. The fundraising company is the seller, in this case, and not the exempt school organization. These types of sales do not qualify as a tax-free sale, and the fundraising company must collect, report and remit the sales tax. Since the exempt school organization is not considered the seller, they cannot use their tax-free sale days to make exempt sales on behalf of the fundraising company.

The fundraising company should provide instructions to the exempt school organization about collecting sales tax correctly. The fundraising company can require that tax be calculated and collected on each taxable item's sales price, or it can advertise in the sales catalog or state on each invoice that tax is included in the item's sales price.

The school, school group, PTA/PTO, booster club or other exempt organization raises funds by acting as a sales representative for a for-profit fundraising company. The school organization is not responsible for reporting or remitting sales and use tax.

Online Sales

Online sales [comptroller.texas.gov/taxes/publications/94-171.php] of taxable items are treated the same as sales made at the school or at any other sales location.

Unless an exemption applies, schools, school groups and other nonstudent nonprofit organizations that accept online orders must collect sales tax on taxable items they sell online. An online sale during

a one-day, tax-free sale qualifies for the exemption.

Food and Beverage Sales

A public or private elementary or secondary school, school group or PTA/PTO does not have to collect tax on sales of meals and food products, including candy and soft drinks, if the sales are made during the regular school day and by agreement with the proper school authorities. This exemption includes food, soft drinks and candy sold through vending machines.

PTAs/PTOs and other qualifying groups associated with a specific public or private elementary or secondary school or school group may also sell meals, food, candy or soft drinks tax free outside of the school day if the sales are part of the organization's fundraising drive and all net proceeds go to the group for its exclusive use.

Sales During the School Day

The following entities do not have to collect tax on sales of food products, candy, snack items and soft drinks sold during the regular school day and by agreement with the school or school district:

- School districts.
- · Public or private elementary or secondary schools.
- Bona fide student organizations.
- · Parent-teacher associations and organizations.
- Booster clubs.
- Other school support organizations.

This exemption also includes these items sold through vending machines.

▼ Sales Outside the School Day

Sales outside of the school day of food products, candy, snack items and soft drinks by a PTA/PTO, booster club or other school support organization are tax free if:

- The organization is associated with a specific public or private elementary or secondary school;
- The sales are part of the organization's fundraising drive; and
- All net proceeds go to the organization for its exclusive use.

The exempt school organizations can issue an exemption certificate [comptroller.texas.gov/forms/01-339.pdf] instead of paying tax on taxable food and beverage items they buy to sell at an exempt food sale. The exemption certificate should state that the group will sell the items as part of its fundraiser. The food and beverage sales tax exemption does not include sales of alcoholic beverages and other non-food items such as spirit wear, accessories or school supplies.

Concession-Stand Food Sales

Fundraising sales of food, prepared food, soft drinks, snack items, or candy by booster clubs or other school support organizations, which will benefit the school or school district, are exempt from sales tax if the fundraiser takes place at a concession stand during a school's or school district's sponsored or sanctioned event.

For example, a middle school sports booster club sells food items from a concession stand at a school-sanctioned track meet to raise funds for new uniforms for the school. These sales are exempt from tax.

Bake Sales

Baked goods are nontaxable, unless heated or sold with eating utensils. Exempt school organizations selling baked goods at a bake sale do not have to collect sales tax. Examples of baked goods include pies, cakes, cookies, doughnuts, kolaches, biscuits and bagels. Eating utensils include plates, spoons, knives and forks. Napkins or wax tissues are not eating utensils. A piece of pie served on a plate is taxable, but a doughnut handed to the customer with a wax tissue is not taxable.

Annual Banquet or Annual Food Sale Fundraiser

All volunteer nonprofit organizations, such as a booster club or a parent-teacher group, can hold a taxfree annual banquet or other food sale; however, a school district or school cannot. The exemption applies if:

- The event is not professionally catered;
- It is not held in a restaurant, hotel or similar place of business;
- It does not compete with a seller required to collect tax; and
- Only the organization's members prepare, serve and sell the food.

If the organization sells nonfood items, such as spirit items, t-shirts or alcoholic beverages, it must collect tax unless another exemption applies.

Alcohol Sales

Alcoholic beverages are not food products and are taxable. The type of tax due depends upon the type of permit issued to the selling organization by the Texas Alcoholic Beverage Commission.

If you sell only beer and wine using a beer and wine permit (no mixed beverages), then your sales are subject to sales tax.

If you sell mixed beverages, and hold a mixed beverage permit, your sales of the mixed beverages, beer, wine and mixers are subject to two taxes:

- · 6.7 percent mixed beverage gross receipts tax assessed on the seller; and
- 8.25 percent mixed beverage sales tax assessed on the purchaser.

Other Nontaxable Sales

Magazine Subscriptions

Magazines subscriptions for at least six months and entered as periodicals class (formerly called second class) mail are exempt from sales tax. Single issues and subscriptions for fewer than six months are taxable.

Gift Certificates and Promotional Discounts

The sale of gift certificates, discount cards and coupon books is not taxable. Any tax due is collected by the retailer when the purchaser redeems the gift certificate, promotional discount or coupon.

Amusement Services

An amusement service exclusively provided and sold by a nonprofit organization, not including a 501(c)(7), is exempt from sales tax if the proceeds do not benefit an individual. For example, the sale of an admission ticket to a school carnival, dance, athletic event or musical concert is exempt.

All tickets and advertising must show the organization as the sole event provider and that the event is exempt from tax.

A nonprofit organization can hire a for-profit entity to provide expertise to produce an event if the forprofit entity is not providing the amusement service.

Membership Dues and Fees

Membership dues and fees charged by a nonprofit organization, other than a 501(c)(7), are tax exempt.

Periodicals and Reading Materials

Periodicals and reading materials published and distributed by religious, philanthropic, charitable, historical, scientific or other similar nonprofit organizations are exempt from tax. Similar organizations include PTAs, PTOs, PTSAs and PTSOs, but not schools. These similar organizations can publish and sell printed reading materials, such as yearbooks, directories, newsletters and calendars, without collecting sales tax. The qualifying organization can give a completed resale certificate [comptroller.texas.gov/forms/01-339.pdf] or exemption certificate [comptroller.texas.gov/forms/01-339.pdf] to the printer instead of paying tax on charges for printing, binding and item placement.

School districts, schools and school groups must collect tax on the printed reading materials sold unless the sale is during one of the organization's tax-free fundraisers.

Printed items that are not reading materials are taxable, unless sold during a qualifying and designated tax-free sale. Examples include school logo t-shirts, bookmarks, photographs and

novelties.

Donations

Donations (gifts) of cash, taxable items or taxable services to an organization are not taxable sales, unless the exempt organization gives the donor a taxable item in exchange for the donation, and the item is of equal value to the donation.

Using Personal Funds

A person using their personal funds to buy a taxable item to donate to a qualifying organization can give an exemption certificate [comptroller.texas.gov/forms/01-339.pdf] to sellers instead of paying tax on the item. The person cannot use the item before donating it. The exemption does not apply if the item is donated to an individual, such as a teacher or a student.

The purchaser must show on the exemption certificate that the taxable item will be donated to a qualifying organization and clearly identify the organization accepting the donation. The purchaser owes tax on the item's purchase price if it is used before donating the item.

Sales to Students

School districts, schools and associated groups must collect sales tax on taxable items or services sold to its students.

For example, if a school sells uniforms, gloves and shoes to drill team members, it must collect tax on the sales, unless it designates the sale as part of its tax-free sales.

This table lists examples of taxable and nontaxable sales.

TAXABLE	NONTAXABLE		
Renting items such as locks, musical instruments, c alculators and computers	Renting space such as a gymnasium, auditorium, library or cafeteria		
Horticultural products such as flower arrangements, roses, carnations, holiday greenery and poinsettias	Agricultural products (plants and seeds), or products that n ormally constitute human food		
Cosmetology products such as shampoo, conditione r and nail polish sold to customers	Cosmetology services such as haircuts, shampoo, manicur es and pedicures		
Parking permits for the general public	Campus parking permits for public school students, faculty and staff		
Pets, such as hamsters, mice, cats and dogs	Livestock, such as pigs, cows, chickens, sheep and goats		
Publications such as football, basketball or volleybal I programs	Advertising space in athletic programs, yearbooks or news papers		
Automobile repair parts	Automobile repair (depends on contract/invoice)		
	 A lump-sum charge for parts and labor is not taxable A separately stated charge for parts is taxable; a sep arately stated charge for repair labor is not taxable 		
Bumper stickers and decals	Car wash		

Additional Resources

- Mixed Beverage Taxes [comptroller.texas.gov/taxes/mixed-beverage/]
- Sales and Use Tax [comptroller.texas.gov/taxes/sales/]
- Tax Exemptions for Qualified Organizations [comptroller.texas.gov/taxes/exempt/]
- Texas Tax-Exempt Entity Search [comptroller.texas.gov/taxes/exempt/search.php]

94-183 (02/2022) This table lists examples of taxable and nontaxable sales.

TAXABLE	NONTAXABLE		
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Additional Resources

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- Texas Tax-Exempt Entity Search [comptroller.texas.gov/taxes/exempt/search.php]

94-183 (02/2022)



Texas Sales and Use Tax Exemption Certification

This certificate does not require a number to be valid.

Name of purchaser, firm or agency							
Address (Street & number, P.O. Box or Route number)		Phone (Area code and number)					
City, State, ZIP code							
I, the purchaser named above, claim an exemption froe items described below or on the attached order or investigation of the stracked order or investigation or investigation of the stracked order or investigation of the stracked order or investigation or investigat		se taxes (for the purchase of taxable					
Seller:							
Street address:	City, State, ZIP	code:					
Description of items to be purchased or on the attached or	rder or invoice:						
Purchaser claims this exemption for the following reason:							
	*A						
I understand that I will be liable for payment of all state and local sales or use taxes which may become due for failure to comply with the provisions of the Tax Code and/or all applicable law.							
l understand that it is a criminal offense to give an exemption ce will be used in a manner other than that expressed in this certif from a Class C misdemeanor to a felony of the second de	icate, and depending on the am						
sign)	Title	Date					
NOTE: This certificate cannot be issued THIS CERTIFICATE DOES NOT REQUIN Sales and Use Tax "Exemption Numbers"	E A NUMBER TO BE VALID.						

This certificate should be furnished to the supplier. Do <u>not</u> send the completed certificate to the Comptroller of Public Accounts.

Texas Sales and Use Tax Resale Certificate

(Rev.4-13/8)

Name of purchaser, firm or agency as shown on permit	Phone (Area code and number)
Address (Street & number, P.O. Box or Route number)	
City, State, ZIP code	
Texas Sales and Use Tax Permit Number (must contain 11 digits)	
Out-of-state retailer's registration number or Federal Taxpayers Registry (RFC) number for retailers based in Mexico	
(Retailers based in Mexico must also provide a	a copy of their Mexico registration form to the seller.)

I, the purchaser named above, claim the right to make a non-taxable purchase (for resale of the taxable items described below or on the attached order or invoice) from:
Seller:
Street address:
City, State, ZIP code:
Description of items to be purchased on the attached order or invoice:
Description of the type of business activity generally engaged in or type of items normally sold by the purchaser:
The taxable items described above, or on the attached order or invoice, will be resold, rented or leased by me within the geographical limits of the United States of America, its territories and possessions or within the geographical limits of the United Mexican States, in their present form or attached to other taxable items to be sold.
I understand that if I make any use of the items other than retention, demonstration or display while holding them for sale, lease or rental, I must pay sales tax on the items at the time of use based upon either the purchase price or the fair market rental value for the period of time used.
I understand that it is a criminal offense to give a resale certificate to the seller for taxable items that I know, at the time of purchase, are purchased for use rather than for the purpose of resale, lease or rental, and depending on the amount of tax evaded, the offense may range from a Class C misdemeanor to a felony of the second degree.
sign Purchaser Date Date

This certificate should be furnished to the supplier. Do <u>not</u> send the completed certificate to the Comptroller of Public Accounts.



Texas Sales and Use Tax Return - Short Form

Who May File the Short Form - You may file the short form if you meet all of the following criteria:

- your business has a single location in Texas;
- you report applicable local taxes only to the entities (city, transit authority, county or special purpose district) in which your business is located:
- you do not prepay your state and local taxes;
- you do not have a credit, including bad debt credit, to reduce your tax due on this return:
- · you do not have customs broker refunds to report; and
- · you are not a remote seller or marketplace provider.

You must file the long form (Form 01-114) if any of these statements do not apply to your business. You must file a long form if you are responsible for out-of-state use tax and have no in-state locations.

If you have a credit for taxes you paid or customs broker refunds to report, you are required to complete Form 01-114 Sales and Use Tax Return and Form 01-148 Texas Sales and Use Tax Return Credits and Customs Broker Schedule. If you are claiming bad debt credit, you must file electronically at https://comptroller.texas.gov/taxes/file-pay/.

When to File - Returns must be filed or postmarked on or before the 20th day of the month following the end of each reporting period. If the due date falls on a Saturday, Sunday or legal holiday, the next business day will be the due date.

Business Changes - If you are out of business or if your mailing or outlet address has changed, you can make these changes online at

- · Please do not write in shaded areas.
- · If any preprinted information on this return is incorrect, OR if you do not qualify to file this return, contact the Comptroller's office.
- Do not leave Items 1, 2, 3 or 4 blank. Enter "0" if the amount is zero.

web file

Online Tax Filing

- You must file a return even if you had no sales.
- . If any amounts entered are negative, bracket them as follows: <xx.xxx.xx>

www.comptroller.texas.gov/taxes/sales/, "Registering and Reporting Texas Sales and Use Tax," or blacken the box to the right of the signature line on If you are a Remote Seller, use form 01-798, Remote Sellers this return. Intent to Terminate Use Tax Responsibilities, to end your tax responsibility.

Instructions for Filing an Amended Texas Sales and Use Tax Return -

You may file an amended return on paper or electronically via Webfile or Electronic Data Interchange (EDI). Additional documentation may be required to validate your request. If you choose to file a paper amended return please follow these steps:

- 1. Make a copy of the original return you filed or download a blank return from our website at www.comptroller.texas.gov/taxes/forms/.
- 2. Write "AMENDED RETURN" on the top of the form.
- 3. If you're using a copy of your original return, cross out the amounts that are wrong and write in the correct amounts. If you're using a blank return, enter the amounts as they should have appeared on the original return.
- 4. Sign and date the return.

If the amended return shows you underpaid your taxes, please send the additional tax due plus any penalties and interest that may apply.

If the amended return shows you overpaid your taxes and you are requesting a refund, you must meet all of the requirements for a refund claim. Refer to Sales Tax Refunds on the Comptroller's website at www.comptroller.texas.gov/taxes/sales/refunds/.

Whom to Contact for Assistance - If you have any questions regarding sales tax, you may contact the Texas State Comptroller's field office in your area or call 800-252-5555.

General Instructions

• If hand printing, please enter all numbers within the boxes, as shown. Use black ink.

0	2	3	4	5	6	7	8	9
	1	01	234	56	78	9	111	

٠	If <i>typing</i> , numbers may	
	be typed consecutively.	

ONLINE TAX FILING AND PAYMENT 24/7 WITH WebFile!
www.comptroller.texas.gov/taxes/file-pay/
Have this form available when you file your short form electronically using WebFile. Payment options are credit card or Web electronic check.
No-tax-due filing is also available through TeleFile at 1-888-434-5464.

You have certain rights under Chapters 552 and 559, Government Code, to review, request and correct information we have on file about you. Contact us at the address or phone numbers indicated in the instructions.

Contraction 01-117 Contraction (Rev. 5-19/39) a. = 26140 C. = Taxpayer number Contraction 01-117 C. = Taxpayer number Contraction 01-117 Contraction (Rev. 5-19/39) Contraction	ннн	BOTTOM PORTION ONLY ▼ I. OUT OF BUSINESS DATE DO NOT ENTER UNLESS ▼ no longer in business. ▼	*** INTI	
g. Due date		1. TOTAL TEXAS SALES (Whole dollars only)		.00
f. Outlet no./ location		2. TAXABLE SALES (Whole dollars only)		.00
		3. TAXABLE PURCHASES + (Whole dollars only)		.00
k. Outlet address (Do not use a P.O. box address)		 4. Total amount subject to tax (<i>Item 2 plus Item 3</i>) 5. Tax due - Multiply Item 4 by 		.00
Taxpayer name and mailing address		 the combined tax rate (Include state & local) 6. Timely filing discount (0.005). 		
		7. Prior payments 8. Net tax due (Subtract Items 6 and 7 from Item 5.)	-	
I declare that the information in this document and any attachments is true and correct to the best of my knowledge and belief. Sign Taxpayer or duly authorized agent	Blacken this box if out of	9. Penalty & interest (See instructions)	+	
Date Daytime phone (Area code & nc.)	business or address has changed.	AND PAYABLE (Item 8 plus Item 9)		

Instructions for Completing Texas Sales and Use Tax Return - Short Form

(continued)

Item I. If the location indicated in Item f is no longer in business, enter the out-of-business date.

Item 1. Enter the total amount (not including tax) of ALL sales, services, leases and rentals of tangible personal property including all related charges made in Texas during the reporting period. Report whole dollars only. Enter "0" if you have no sales to report. Texas Sales are defined as all sales made from a Texas in-state location AND all sales made into Texas from an out-of-state location.

Item 2. Enter the total amount (not including tax) of all TAXABLE sales, services, leases and rentals of tangible personal property including all TAXABLE related charges made during the reporting period. Report whole dollars only and enter "0" if you have no sales to report. If you are taking a credit on the return, claim the credit in Item 2 by subtracting the sum of purchases and/or sales you paid taxes on in error or refunded to a customer, from the amount of taxable sales.

Item 3. Enter the total amount of taxable purchases that you made for your own use. Taxable purchases include items that were purchased, leased or rented for personal or business use on which sales or use tax was not paid. This includes purchases from in- or out-of-state sellers, exempt items taken out of inventory for use, items given away, and items purchased for an exempt use but actually used in a taxable manner. Taxable purchases do not include inventory items being held exclusively for resale. Report whole dollars only. Enter "0" if you have no taxable purchases to report.

Item 4. Add the totals of Item 2 (Taxable Sales) and Item 3 (Taxable Purchases) and enter on Item 4. Enter "0" if you have no amount subject to tax. DO NOT INCLUDE ITEM 1 (Total Texas Sales) IN THIS TOTAL.

Item 5. The tax rate is a combined rate of tax types indicated: state, city, transit authority, county and/or special purpose district. Please call the Comptroller's office if the rate is incorrect or if you have a question about the tax rate. Multiply Item 4 by the tax rate and enter in Item 5.

Item 6. Timely Filing Discount - If you are filing your return and paying the tax due on or before the due date, multiply the Tax Due in Item 5 by .005 and enter the result in Item 6.

Item 7. If you requested that a prior payment and/or an overpayment be designated to this specific period, the amount is preprinted in Item 7 as of the date this return was printed.

Item 9. Penalty and Interest:

- 1-30 days late: Enter penalty of 5% (.05).
- 31-60 days late: Enter penalty of 10% (.10).
- Over 60 days late: Enter penalty of 10% (.10) plus interest calculated at the rate published on Pub. 98-304, by telephone at 1-877-447-2834, or online at www.comptroller.texas.gov.

(Texas Tax Code Ann. Sec. 111.060 and 111.061)

Note: An additional \$50 late filing penalty will be assessed each time a return is filed after the due date.

Item 10. Add Item 8 plus Item 9, if applicable, and enter in Item 10.

Make total amount of Item 10 payable in one check to: State Comptroller Mail your return and payment to: Comptroller of Public Accounts P.O. Box 149355 Austin, TX 78714-9355

DO NOT WRITE ON THE BACK OF THIS FORM