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Other Taxes

Income Tax

Texas has no personal or corporate income tax. A state franchise tax applies to all corporations with representation in Texas.

Franchise Tax

The Texas franchise tax is a privilege tax imposed on each corporation and limited liability company chartered/organized in Texas or doing business in Texas. For franchise tax purposes, the term 'corporation' also includes a bank, state limited banking association, savings and loan association, limited liability company, professional limited liability company, a corporation that elects to be an S corporation for federal income tax purposes, and a professional corporation.

Sales & Use Tax

The state levies a sales and use tax of 6.25% on sales of tangible personal property and certain services. The City of Victoria and Victoria County add an additional sales tax of 2.0% making the total combined rate of 8.25%. There are exemptions for groceries, medicine, property for resale, manufacturing equipment and many items used exclusively on farms and ranches for food production.

Payroll Costs

Businesses that employ one or more individuals may be subject to the state unemployment tax. For new employers, the maximum amount of taxable wages per employee, per calendar year is set by statute and is currently \$9,000. Texas law sets an employer's entry-level tax rate at their NAICS industry average or 2.7 percent, whichever is higher. For experienced employers, the minimum effective tax rate for 2020 is .31% and the maximum effective tax rate is 6.31% with an average experienced tax rate of 0.93%.